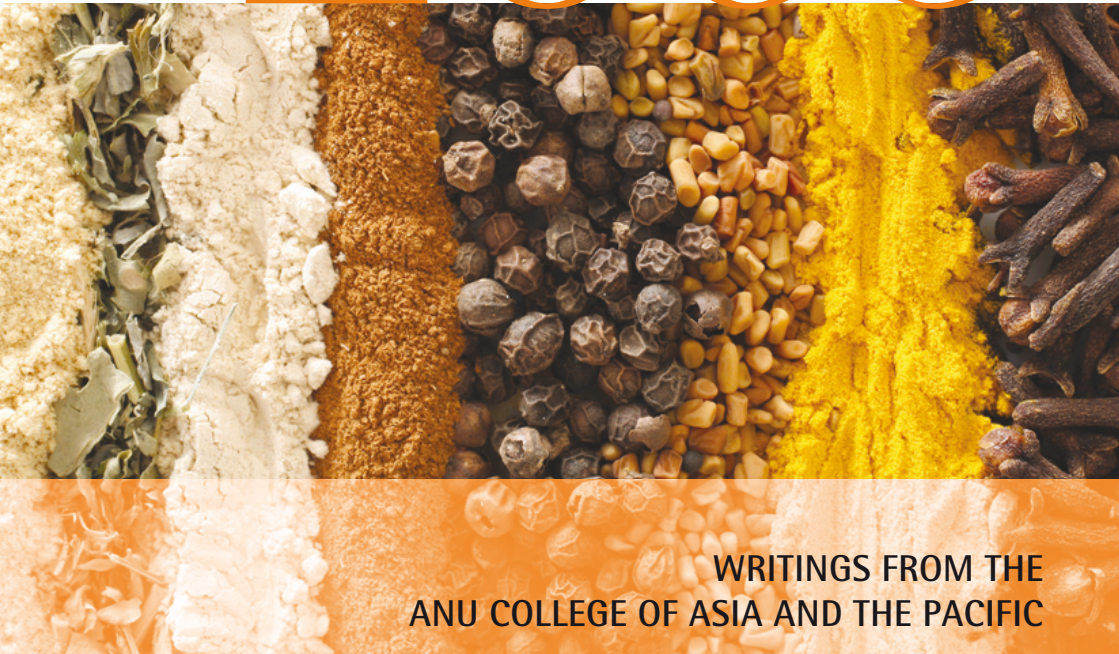


# Capturing the Year 2009



WRITINGS FROM THE  
ANU COLLEGE OF ASIA AND THE PACIFIC

Edited by Barbara Nelson with Andrew MacIntyre

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ANU COLLEGE OF ASIA & THE PACIFIC

## **Capturing the year**

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# Contents

<b>Introduction</b>	vii
<b>Climate Change</b>	
Frank Jotzo, <i>New government, new attitude, new optimism</i>	1
Ross Garnaut, <i>Everyone must do their bit</i>	3
Will Steffen, <i>Climate change: the risks of doing nothing</i>	7
Raghubendra Jha, <i>India and the Copenhagen summit</i>	10
Stephen Howes, <i>Can China rescue the world climate change negotiations?</i>	13
<b>Democracy</b>	
Benjamin Reilly, <i>Big task to tackle at Bali forum</i>	17
Assa Doron, <i>Speaking of Israel</i>	20
<b>Human Rights and Ethics</b>	
Hilary Charlesworth, <i>Debate, not a boycott, needed to address racism</i>	23
Luigi Palombi, <i>Who owns your genes?</i>	26
Nicholas Cheesman, <i>Shameful responses to UN rights expert should be binned</i>	29
<b>Language</b>	
Edward Aspinall, <i>Lost in translation</i>	32
Jamie Mackie, <i>Don't overlook Indonesian</i>	38
Kent Anderson and Joseph Lo Bianco, <i>Speak, and ye shall find knowledge</i>	40

## Resources and Energy

- Quentin Grafton, *One fish, two fish, no fish* 44  
Robert Ayson, *Nuclear energy is neither a monster nor a panacea* 51

## Afghanistan

- William Maley, *Shutting down the Taliban is key to success* 54  
William Maley, *Afghanistan's elections: the eye of the storm* 57  
Hugh White, *Think about leaving* 59

## Australia

- Richard Mulgan, *Government responsibility for bushfire tragedy* 64  
Richard Mulgan, *Evidence-based policy* 67  
Hugh White, *Public opinion and the 2009 Defence White Paper* 71  
Susan Harris Rimmer, *Grand plans* 74  
Robin Jeffrey, *Australia and India: the good, the bad and the Section 420s* 80  
Hugh White, *Defence White Paper 2009* 86

## Bangladesh

- Bina D'Costa, *'Frozen in time'? The war crimes trial in Bangladesh* 92

## Burma

- Trevor Wilson, *Aung San Suu Kyi and the generals* 96  
Nicholas Farrelly, *Burma's general objectives* 98  
Craig Reynolds, *Review of Taylor* 104

## China

- Stuart Harris, *Taiwan and Hu Jintao's end-year overtures* 109  
Ben Hillman, *Fifty years on, what do we really know about Tibet?* 111  
Ligang Song, *Let the stimulus package work in China* 115  
Richard Rigby, *Can China embrace its history and Zhao Ziyang's memoir?* 119  
Peter Drysdale, *Chinalco fiasco exposes our national ignorance* 122  
Geremie R. Barmé with Evan Osnos, *Q & A on Chinese military parades* 125

## **Fiji**

- Brij V. Lal, *Fiji: the cruel hoax* 131  
Jon Fraenkel, *Coup leader's brittle strategy* 134

## **India**

- Sandy Gordon, *Not just India's problem any more* 139  
Maxine Loynd, *India's Obama rises* 142  
Kate Sullivan, *Looking for Youngistaan* 148  
Robin Jeffrey, *India's elections: a bed of nails and roses* 153

## **Indonesia**

- Peter McCawley, *Indonesian elections* 160  
Ross H. McLeod, *Indonesia's choices facing the global financial crisis* 166  
Greg Fealy, *Islamic lens the wrong way to see Indonesia* 169  
Chris Manning, *A surprise choice? Dr Boediono is selected  
as SBY's running mate* 172  
Hal Hill, *Indonesia: cautious optimism* 175  
Hal Hill, *Indonesia's new leadership: the Australian connection* 178

## **Japan**

- Jenny Corbett, *It's important to know how Japan will affect us* 185  
Shiro Armstrong, *Australia, and managing Japan's insecurity* 188  
Rikki Kersten, *The end game for Japanese politics?  
The significance of the collapse of the LDP* 190

## **Korea**

- Hyung-A Kim, *South Korea's 'bulldozer' seeks a partner in Rudd* 194  
Tessa Morris-Suzuki, *North Korea's bluff should be taken seriously* 197  
Ron Huiskens, *Is Pyongyang reacting to or shaping events?* 200

## **Malaysia**

- Amrita Malhi, *Sex, race and religion still political weapons in Malaysian politics* 204  
Greg Lopez, *Najib's and UMNO's survival* 207

## **Pacific**

Jon Fraenkel, *PNG and the Solomon Islands: splendid isolation* 212

Stephen Howes, *Vanuatu's recent economic success: lessons for the Pacific* 222

## **Pakistan**

William Maley, *Urgent: Pakistan* 226

Shakira Hussein, *Inside Pakistan's Jalozai refugee camp* 231

## **Papua New Guinea**

Aaron Batten, *Papua New Guinea: from economic boom to gloom?* 234

Rochelle Ball and Nicole Haley, *International labour mobility: opportunities and challenges for PNG* 237

## **Philippines**

Paul D. Hutchcroft, *'Getting Our Act Together?'* 244

## **Thailand**

Andrew Walker, *Thailand's human rights challenges* 252

Andrew Walker and Nicholas Farrelly, *Thailand's royal subplot* 257

## **United States**

Andrew MacIntyre, *Obama and Asia* 265

Peter Drysdale, *Asians are now proud Americans too* 267

Peter Van Ness, *Under Obama, realism ain't so realistic any more* 270

## **Contributors**

273

# Introduction

2009 was a year of upheaval and change. It was the year we felt the variable impact of the Global Financial Crisis. It was a year of vital elections across the region: in India, in Indonesia, in Japan, in Malaysia and in Afghanistan. 2009 was also a milestone year for China, being the sixtieth anniversary of the founding of the People's Republic of China. And it was the year the bombing of the Taj Mahal Hotel in Mumbai gripped media attention as did a major missile test in North Korea.

Members of the ANU College of Asia and the Pacific interpreted these events in newspapers and periodicals ranging from our city's *Canberra Times* to the *Jakarta Post*, *The New Yorker* and *The Economist*.

This is the fourth year that the college has published a selection of popular writing produced by its members. From more than 160 articles published by college members in the past year,\* we have selected 65, written by 57 of the college's members.

The college has more than 150 scholars who are vigorously engaged in high level research and teaching and who seek to communicate the results of their work to people who might benefit from it—across Australia, across Asia and the Pacific and to the world at large. Collectively, we do this by maintaining blogs, doing radio and television interviews and writing for newspapers and magazines. This popular writing, which represents the

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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.

distillation of years of research, is represented in *Capturing the Year*.

We see this volume as both an engaging and useful snapshot of major developments in Asia and the Pacific during 2009 and a convenient window offering people a fuller appreciation of the range of expertise within the college. To be sure, we are heavily engaged with ‘new media’—as the spectacular rise of some of our blog sites such as the *East Asia Forum*, *New Mandala* and *South Asia Masala* suggests. The more traditional book format of *Capturing the Year* allows us to bring a selection of all of our popular publications together in a convenient fashion.

The 2009 menu for *Capturing the Year* is rich and diverse. We have pieces on cross-cutting themes such as climate change, democracy, human rights and ethics, language and resources and energy. We supplement this with a range of pieces focused on developments in particular countries. This year’s selection covers sixteen countries, stretching from Afghanistan and Australia through the Pacific to the United States.

It’s a potent mix. We hope you enjoy it. We also hope that if you don’t yet know the work of our college well, you will be moved to make contact with us. We care as much about getting our ideas out to people who can benefit from them as we do about producing them in the first place.

Andrew MacIntyre and Barbara Nelson

# Climate Change

20 November 2008

CANBERRA TIMES

FRANK JOTZO

## **New government, new attitude, new optimism**

Will leaders have the stomach to get serious about climate change, as the global financial crisis turns into recession? The international climate negotiations have been in a holding pattern for years waiting for the end of the Bush presidency. Now—with the new US administration needing to fix the banks, keep Detroit alive and deal with soaring unemployment—might seem like a truly bad time to be expecting breakthroughs on climate policy. But it ain't necessarily so.

President-elect Obama put climate change high up his agenda and did so even in his acceptance speech: 'Two wars, a planet in peril, the worst financial crisis in a century.' To tackle climate change, Obama needs to put in place effective domestic policies to establish America's credibility on the issue and get the major developing countries into a post-Kyoto agreement. The first may be surprisingly easy to do; the second difficult but not impossible.

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First published in *Canberra Times*, 20 November 2008.

Obama's policy platform features carbon pricing via emissions targets and trading, and boosting investment in clean energy. The mood in the US Congress has been shifting on emissions trading, and northeastern and western states are poised to introduce their own schemes. Recession could dampen the appetite for putting a price on carbon for a while, but it may very well result in a very large shot in the arm for revamping the energy sector. Public money for clean energy and improving energy efficiency kills two birds with one stone: it takes the economy onto a lower-emissions path to help with climate change and lessens the reliance on imported oil.

Now it kills three: green energy is an attractive target for government spending to pump the economy. With consumer and business confidence evaporating, government spending is fast becoming the only way to shore up the economy. Infrastructure is an obvious target for such Keynesian spending, and most economists agree that it beats sending cheques in the mail or paying people to paint rocks. The danger is misallocation of resources, with governments sometimes prone to favour wasteful causes: roofs covered with solar panels in cloudy Germany and grain converted to fuel in America tell the stories. Faced with the right price signals like under emissions trading, business will generally make the better investment decisions. In any case, the next New Deal may well have a big green streak to it. China's government has announced that it is going to pour money into railways, and America could jump-start its energy revolution.

In parallel, Obama must take the lead in getting developing countries on board of meaningful global climate policy, fast and with a dollop of creativity. The timing is delicate: halting the slide into recession is paramount, but the crisis right now is also the opportunity for change. And the United Nations climate talks are geared toward the December 2009 Copenhagen conference. To avoid negotiations getting bogged down in the usual fashion, a political deal is needed beforehand between the leaders of the major countries: at least the US, China, India and the European Union, and better, these four plus other major economies, say the G20 group.

Time is short, but the ideas are out there. The Garnaut review showed what a global climate deal could look like: binding greenhouse gas commitments

with absolute reductions for all high-income countries, commitments below 'business as usual' with a temporary opt-out clause for all but the poorest developing countries, convergence to equal per capita emissions entitlements, international emissions trading to encourage developing countries into the system, an immediate start everywhere with some key emissions-intensive sectors, and large-scale funding from rich countries for technology development and transfer to developing countries. Views differ on the detail, but an international consensus seems to be emerging around the core elements of a package for Copenhagen.

Easy to do? Certainly not. But the economic crisis shows that staring into the abyss can concentrate governments' minds wonderfully and may even bring about some much needed international cooperation. The same could hold for climate change. Difficult, but with leadership from a president who enjoys a huge measure of goodwill around most of the globe, the answer just might be 'Yes, we can.'

*25 June 2009*

THE AGE

ROSS GARNAUT

## **Everyone must do their bit**

I have described the mitigation of human-induced climate change as a diabolical policy problem. The most difficult of its challenging dimensions is that there can be no effective mitigation without all countries of substantial size making major contributions to the solution. And yet each country has an interest from a narrow national perspective in doing as little as possible so

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First published in *The Age*, 25 June 2009.

long as its own free-riding does not undermine the efforts of others.

The apparent national benefits from free-riding make climate change mitigation a more difficult subject of international negotiations than trade or arms control. With trade, unilateral reduction of protection will make a country richer whatever other countries do. And yet it is hard enough to achieve agreement on mutual reduction of protection. With arms control, at least unilateral reduction of defence expenditure has a national benefit for the budget and economic growth.

The climate change problem requires the cooperation of the whole world. It is not amenable to a local solution. Therefore a solution will not emerge country by country as each country becomes rich. The problem is made even more difficult because the international community agreed at the beginning of the UN Framework Convention on Climate Change in the early 1990s that the developed countries would make commitments to and implement major actions to reduce their emissions before developing countries would be expected to take these steps. Further, developed countries would be expected to meet the incremental costs of mitigation in developing countries.

There was some justice in this approach since the countries that are now developed had been responsible for the increase in concentrations of greenhouse gases in the atmosphere that had taken the world to the threshold of dangerous climate change.

In 2009 the constraints are much tighter. In the early twenty-first century, emissions have been growing much more rapidly than before and than previously anticipated. We have squandered the time and headroom we had in the early 1990s. Developing countries now account for about 40 per cent of emissions. In the absence of mitigation, they would be likely to account for about 90 per cent of the growth in emissions over the crucial two decades ahead.

There will be no solution if those who want effective action rely on slogans rather than analysis of the international situation. There will be no effective mitigation from unilateral action in single countries, however good that may feel to some people in those countries. Indeed, taking a step too far

on a unilateral basis may set back the global mitigation effort.

It is much more costly for one country to achieve a specified degree of mitigation alone, than it would be to achieve the same level of mitigation within a global agreement. The high costs of achieving high mitigation targets unilaterally may demonstrate to others the difficulty rather than the feasibility of action.

It seems unfair that developing countries must accept major commitments to mitigation when the countries that grew rich before them were not so constrained. Unfair or not, there will be no effective global mitigation without all substantial countries reducing emissions significantly. The differentiated treatment in favour of developing countries, of which the UN framework agreements speak, must take the form of obligations that are consistent with continued strong economic growth.

The world's challenge is not to reduce emissions by reducing material living standards. There is no chance at all of Australia or any other country committing itself to mitigation on those terms. The challenge is to break the nexus that has always been present in the past between growth in living standards and the growth in greenhouse gas emissions. Fortunately, the economics says that it is possible to reconcile reduction in emissions with continued economic growth in the world as a whole and in each of its parts.

There is a deal to be done, within what is politically feasible in the major countries. China, for example, has committed itself domestically to do as much and more than the Garnaut review suggested would be required of it by 2020, within an agreement directed at concentrations of 450 parts per million. But China is a long way from committing internationally to deliver that outcome. Australia's proportionate contribution to an effective global agreement to achieve an ambitious (450ppm) international agreement would require us to commit to reduce emissions by 25 per cent from 2000 levels by 2020, and by 90 per cent by 2050.

This would be difficult. But it could be done consistently with continued growth in living standards. Australia would need to increase considerably its public expenditure on research, development and commercialisation

of low-emissions technologies. It would also need to raise significantly its development assistance for climate change adaptation, particularly to our neighbouring countries in Southeast Asia and the Southwest Pacific.

The numbers are not plucked out of the air. They are derived from the idea that entitlements should converge on equal per capita allocations by 2050. There has been much international discussion of this basis for allocating entitlements. World leaders must discuss alternative ways of dividing up a global emissions budget that add up to avoidance of the risks of dangerous climate change.

A global agreement that avoids high risks of dangerous climate change in December in Copenhagen this year won't be reached in one step. There is, however, a chance that a set of principles is agreed in Copenhagen that is the basis of an effective global agreement that significantly reduces the risk of dangerous climate change. That would need to be followed by detailed and highly technical discussions of numbers that add up to a solution.

Resolving these issues remains the most difficult international as well as national political problem that we have ever faced. But in June 2009, with Australia and the US having decided to play for the international team rather than against, there is now a chance.

27 July 2009

CANBERRA TIMES

WILL STEFFEN

## Climate change: the risks of doing nothing

The carbon pollution reduction scheme to control Australia's emissions of carbon dioxide continues its long and tortuous road towards approval and implementation. Even more challenges await in December in Copenhagen, when the global community gathers to come to grips with climate change in earnest.

Meanwhile, science is painting a clearer picture of the risks that lie ahead if the Copenhagen negotiations fail and human-driven climate change is allowed to continue unabated over the coming decades. In a word, the message from science to the negotiators is 'urgency'.

In many ways the climate system is now moving faster than we had thought likely a decade ago, and faster than the middle-of-the-range climate model projections suggest. For example, the rate of accumulation of carbon dioxide in the atmosphere has increased since 2000 due to growth in the global economy and the relative weakening of the natural processes that absorb carbon dioxide from the atmosphere.

Warming of the ocean, which absorbs the vast majority of the extra heat at the earth's surface due to increasing greenhouse gases in the atmosphere, has also increased over the past few decades. Ocean heat content has risen particularly sharply since the late 1990s. Sea-level rise, in part due to the thermal expansion of warming ocean water, has also increased in rate, from 1.6 millimetres per year in the 1961–2003 period to 3.1 millimetres per year in the 1993–2003 period. The higher rate has continued unabated through the most recent measurements to 2008.

The world's ice realms are also changing rapidly. Arctic sea-ice is being

lost at a rate faster than any model has predicted. In the last 15 years the Greenland ice sheet has gone from being in balance—the rate of melting and disintegration being balanced by the accumulation of snow in the interior—to a net loss of about 200 cubic kilometres per year. More recently, the Antarctic ice sheets have also shown net losses in mass.

Global air temperature, too, is rising as expected. Despite considerable year-to-year and even decadal variability, the long-term trend is unmistakably upwards. Thirteen of the fourteen warmest years ever recorded since the instrumental record began around 1850 have occurred since 1995.

The rate at which the world's climate is now shifting towards a warmer future carries significant risks for contemporary society and especially for Australia. Of all of the world's industrialised countries, Australia is probably the most vulnerable to the consequences of climate change, or 'climate disruption' as it is increasingly called.

Sea-level is expected to rise by an additional 50 centimetres to one metre by 2100 relative to 1990; levels somewhat more than one metre cannot be ruled out. A sea-level rise of 'only' 50 centimetres would already increase the frequency of flooding events associated with high tides and storm surges by a hundredfold at many places along Australia's coastline.

Increasing absorption of carbon dioxide by the ocean is increasing its acidity, which, coupled with rising sea-surface temperature, is stressing corals. The Great Barrier Reef, the world's largest coral-dominated ecosystem, may well be largely converted to algae beds by the second half of the century.

The health and wellbeing of Australians is directly threatened by global warming. Temperature-related extreme events, such as the Melbourne heat wave earlier this year, have become more likely with global warming. So have mega fires of the type that swept across Victoria in February and damaged Canberra in 2003.

With the Murray-Darling Basin in the grip of a severe, multiyear drought, the threat to water resources in southeast Australia looms large. As the evidence strengthens for a climate change-drought link, so do the risks for the most agriculturally productive and populous parts of the country.

The severity of these doom-and-gloom projections, of course, assumes

that human-driven emissions of greenhouse gases will continue unabated for several decades at least. Much has been written about the perceived high costs of reducing greenhouse gas emissions, thus contributing to inaction and to a possible realisation of these doom-and-gloom projections.

However, the prevailing economic thought globally has shifted strongly. The costs of inaction far outweigh costs of abatement. Delaying action means more severe climate change with escalating adaptation and impacts costs. Delay also locks in carbon-emitting infrastructure such as coal-fired power plants and makes emission reductions in future much more costly.

The news from the engineering community is even better. Society already has many technologies, such as a suite of renewable energy systems, that can quickly and effectively reduce greenhouse gas emissions. Their costs are dropping rapidly and novel approaches such as ‘smart grids’ are facilitating their deployment.

The challenge of climate change is indeed complex—spanning science, technology, economics, public policy, history, psychology, systems analysis and much more. The broad knowledge base required to meet the challenge is expanding rapidly, giving hope that society is approaching a turning point in the transformation to a low-carbon future. But there is no time to lose in getting to that turning point.

20 August 2009

SOUTH ASIA MASALA

RAGHBENDRA JHA

## India and the Copenhagen summit

As the world moves inexorably towards the climate summit in Copenhagen in December 2009, immense pressure has been brought to bear on India to accept legally binding carbon emissions targets. The latest attempt to pressure India came from US Secretary of State Hillary Clinton during her recently concluded visit to India.

Such pressures on India and some other countries (particularly China) are occurring against the backdrop of a new wave of environmental activism among Western commentators over the climate change debate. For example, Al Gore has called on all countries to place an immediate moratorium on coal-fired power plants. This would simply be a no-go for India. More than half of the 800,000 megawatts of power India plans to produce by 2030 are to come from coal-fired plants because coal is abundant in India and other energy sources are relatively scarce.

Against this backdrop, it is instructive to recap the factual position concerning carbon emissions. In 2005, the total carbon dioxide emissions for India, China, US and the world were: 1.1, 5.1, 5.8 and 27.1 billion tonnes respectively, whereas their per capita emissions in the same order are 1, 3.8, 19.6 and 4.2 tonnes. It has been estimated that China's emissions could reach 9 billion tonnes soon—although the figure of 6.5 billion tonnes has also been mentioned.

It follows from this that it is wrong to club India and China in the same group of carbon emitters. China's total emission is comparable to that of the US (and may indeed have surpassed this level), whereas India's is only

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Posted on *South Asia Masala*, <http://asiapacific.anu.edu.au/blogs/southasiamasala/>, 20 August 2009; posted on *East Asia Forum*, <http://www.eastasiaforum.org/>, 4 September 2009.

about a fifth of China's. In terms of per capita emissions, China is close to the world average whereas India's per capita emissions are less than a quarter of the world average.

In terms of outcomes for humans, the picture is even bleaker. For instance, India's per capita annual electricity consumption is only 500 units compared to 8,000–10,000 units per capita consumed by Western societies. Nearly 550 million Indians do not have formal access to any source of electricity. In this context Prime Minister Manmohan Singh told former US President George W. Bush in 2008 that this was like the entire population of the United States and half of the European Union living without any regular access to electricity. An unthinkable proposition indeed!

Thus, it is quite reasonable to expect that India's per capita electricity consumption will go up—from the present 500 units to at least 3,000 units in the next 10 years. But India will still consume less than half of the present per capita electricity consumed by the West.

India has argued that it will keep its per capita emissions below the world average, but Western governments are disinclined to accept this. Their efforts, if successful, would cap emissions in such a manner that it will become difficult for India to meet the basic energy needs of the people using local resources. This is unjustified. Nevertheless, the global climate challenge has to be addressed. Hence, compensatory mechanisms need to be put in place.

The global carbon emissions trading scheme (ETS) being canvassed as a way out may or may not control carbon emissions, but its developmental and policy implications are eminently obvious, though less advertised.

By definition, the global ETS would involve international trade in permits for carbon emissions. Typically, economically developed, high-carbon (at least in per capita terms) countries would buy carbon emission permits from the economically poorer, low-carbon (again, at least in per capita terms) countries. This would involve a transfer of funds from the richer to the poorer countries and a concomitant commitment from the latter to restrict carbon emissions whereas the former would be able to emit more carbon than would have been possible in a world with firm quantitative restrictions

on emissions but no global ETS.

The inflow of foreign exchange into economies such as India would not be an unmixed blessing as it would lead to an appreciation of their real exchange rates vis-à-vis the rich countries, thus lowering their export competitiveness. Concurrently, the relative export competitiveness of the richer countries would be enhanced. The impact of the global ETS on countries such as India would thus be like ‘Dutch disease’. The less developed countries would sell a good fraction of the carbon emission permits that they were allotted to the rich countries. By selling their carbon permits to richer countries, less developed countries would sign away their opportunity to emit carbon, which would lower the pace of their industrialisation, thus hurting their growth prospects and hampering their efforts at reducing mass poverty. Thus, countries such as India would be doubly disadvantaged.

Hence, the global ETS has an antidevelopment content. Whereas the quantitative impact of the global ETS on countries such as India can be tempered by staggering their carbon reduction requirements over a longer time horizon and giving them a more generous initial allocation of carbon permits, these efforts need to be supplemented with a qualitative change in efforts to address the carbon issue. In particular, countries like India need to get accelerated access to new technology for carbon reduction and for generation of energy from non-traditional sources. The global ETS needs to be supplemented with a well-thought-out technology transfer policy to which even the emerging economies can be expected to make contributions in cash and human resources. Without such efforts, the global ETS is likely to have an adverse impact on developing economies.

September 2009

APEC ECONOMIES NEWSLETTER

STEPHEN HOWES

## Can China rescue the world climate change negotiations?

The three main propositions around which the current global climate change negotiations are structured were agreed at the United Nations Climate Change Conference in Bali, December 2007. The first is that developed countries should commit to binding emission reduction targets. The second is that developing countries should adopt policies and measures to reduce emissions below what they would otherwise have been. The third is that developed countries should support developing ones, principally by the supply of finance, to reduce emissions and to adapt to climate change.

This is a different framework to that of the Kyoto Protocol, which placed obligations only on developed countries. Under the Bali Roadmap, everyone acts, but different metrics are used to measure obligations in developed and developing countries: targets for developed countries, policies for developing countries.

While there is agreement on the three propositions, it extends only to the acceptance that they should constitute the negotiating framework. On the first point, most developed countries have now put forward emissions reduction targets for 2020. My assessment is that the offers made add up to a 10–20 per cent reduction for developed countries over 1990 levels. Developing countries think this isn't nearly enough. They argue for reductions in the range of 25–40 per cent.

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Published in *APEC economies newsletter*, September 2009; posted on *East Asia Forum*, <http://www.eastasiaforum.org/>, 1 September 2009. This article is a summary of Stephen Howes, 'Can China rescue the global climate change negotiations', which appears as chapter 18 in *China's New Place in a World of Crisis: Economic, Geopolitical and Environmental Dimensions*, Ross Garnaut, Ligang Song and Wing Thyee Woo (eds), Canberra: ANU E Press, 2009.

On financing, the third point, there's also a gulf. Developing countries are asking for hundreds of billions of dollars and want it delivered through government channels. Developed countries, on the other hand, stress the role of the markets in delivering carbon finance, are reluctant to commit public funds, and overall tend to downplay the need for international funding. In this regard, though, a June 2009 speech by the UK Prime Minister, Gordon Brown, is encouraging and does suggest that there is a belated recognition by the developed countries that they will have to put significant volumes of public funding on the table if they want to see a deal.

I've put the second plank, developing-country policies, last, because here there is not so much a gulf as simply confusion. What sort of policies developing countries might commit to, how their policy commitments would be registered internationally, what these policies might add up to, remains unclear, even at this stage, just a few months out from Copenhagen.

Summing up, the two main challenges in relation to the current negotiations are that developed countries need to commit to do more (in terms of both targets and financing) and that developing countries need to indicate more clearly what they are prepared to do. These two challenges are interrelated: progress on one will require progress on the other.

This is where China could come in. China of course has enormous influence. It is a superpower and a leader among developing countries. It is the world's largest emitter. It has been responsible for most of the recent global growth in emissions. It already has domestic policies in place—for reasons that go well beyond climate change—to improve energy efficiency and to diversify into renewable and nuclear energy. And, importantly, China is yet to play its hand in the current negotiations.

China already has a target to reduce its energy intensity (the ratio of energy used to output or GDP) by 20 per cent between 2005 and 2010, and a renewable energy target of 15 per cent by 2020. China is now thinking about targets for the twelfth Five-Year Plan from 2011 to 2015. It appears likely that China will extend its current policy targets. Perhaps China might announce a target of halving energy intensity by 2020. Perhaps China might convert this into an emissions intensity target, a ratio of greenhouse gas, or

simply carbon dioxide emissions, to GDP.

We also already know, from the anticipatory response from the US, that adoption of such a target out to 2015 or 2020 would be seen as ambitious. My own analysis confirms this. It will not be easy for China to halve its emissions intensity by 2020. China hasn't had much success in achieving its current target of a 20 per cent reduction in energy intensity by 2010. It's only in 2008 that China's energy intensity really started to fall, and that was because of the global downturn, which hit energy-intensive industries particularly hard. By my estimation, by the end of 2008 China had only achieved an 8 per cent reduction in energy intensity from 2005, well short of the 20 per cent target, and with only two years to go.

If China announces targets for energy or emissions intensity, but resists giving them legal international standing, it will not take us very far. It will make ratification by the US Senate (where a two-thirds majority is required) difficult if not impossible, for the same reason that the Kyoto Protocol was never ratified by the US: namely, that it places obligations on the US but not on China. Unwillingness by China to give its policies international standing would also be interpreted as a signal that China is not taking climate change mitigation sufficiently seriously. The US, indeed the world, needs to be able to say that China is also bound in some way to reduce emissions, even if it is not through the 'targets and timetables' approach being applied to developed countries.

The real question, then, is whether China will be prepared to table its policies internationally, as part of a climate change treaty. Would China sign up, say, to an intensity pledge, essentially a commitment to introduce policies with the aim of halving emissions intensity by 2020?

Such a target would be non-binding in the sense that there would be no penalty for not meeting it. So it wouldn't be very costly for China to sign up, but it wouldn't be costless either. It would open China up to some sort of international monitoring, and it would be seen as a step along the road to China taking on binding targets at a later stage. However, these costs should be manageable. If the US passes its cap-and-trade legislation, pressure on China will increase. More than anything, though, what China is willing to

offer will come down to whether it sees an effective global agreement on climate change to be in its interests. There are increasing signs that it does.

The world climate change mitigation regime has languished over the last decade because of a lack of leadership from the United States. Getting the US back in the negotiating room was the first precondition for achieving a post-Kyoto agreement. But negotiations are still stuck. Developed countries need to do more, but need to have a reason to do more. China, by virtue of its superpower status and its evolving domestic policy stance, seems to be in a better position than any other developing country to send a positive signal to the developed countries, and so push the negotiations forward beyond the current impasse.

# Democracy

11 December 2008

CANBERRA TIMES

BENJAMIN REILLY

## Big task to tackle at Bali forum

As a region which includes some of the world's most resilient autocracies, democracy is always going to be a difficult subject for Asian governments. Asian leaders may no longer justify less-than-democratic regimes on the basis of 'Asian values'. But they still tend to shy away from discussing the internal politics of their neighbours, and if they do they almost never talk about it in terms of democracy.

This is about to change. Next week (10 December) all East Asian governments will convene in Bali, Indonesia, to place the issue of democracy squarely on Asia's regional agenda. This meeting, co-chaired by Australian Prime Minister Kevin Rudd and Indonesian President Susilo Bambang Yudhoyono, will include not just long-established democracies, such as Australia, India and Japan, but also assuredly non-democratic states such as China, Burma and Vietnam. Only North Korea has missed the regional

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dance card.

Putting democracy on the agenda of such a diverse range of regimes will not be easy. But it is well past due. Most other major world regions now include an explicit commitment to democracy as part of their regional membership requirements.

The European Union, for example, requires all countries to meet stringent conditions of political openness, human rights and a free press before they can be considered for membership. This has done more than anything since the fall of communism to encourage freedom in Eastern Europe.

Similarly, the membership rules of both the African Union and Latin America's Mercosur grouping today include specific commitments to democratic rule. Countries which fail these criteria are suspended from the club until they return to democracy.

No such commitments exist in Asia. Democracy is not mentioned in the founding statutes of East Asian regional bodies such as the Association of Southeast Asian Nations (ASEAN) or ASEAN+3 (which adds China, Japan and Korea). If it did, most member countries would be ineligible. Today, only Japan, Korea, Indonesia and the Philippines would likely pass the mark.

The Bali Democracy Forum is thus a historic attempt to put the issue of democracy squarely on Asia's international agenda. While it is unlikely to produce any major breakthroughs, the mere fact that it is taking place at all is significant in several respects.

First, it represents a coming out party for Indonesian democracy itself. The political progress made in that country over the past decade is little short of remarkable. Ten years ago Indonesia was one of the region's most enduring autocracies. Today, Indonesia is easily Southeast Asia's most democratic state, with competitive elections, a vibrant media and social pluralism. It is also one of the world's very few examples of genuine democracy in a Muslim country. Its success gives the lie to oft-heard claims about the incompatibility of Islam and democracy.

The invitation list for the Bali Democracy Forum also deserves attention. It defines Asia broadly along geographic rather than cultural lines. In so doing,

it includes participation not just from ASEAN and core Asian civilisations such as China, Japan and Korea, but also India, as well as Australia and New Zealand. This essentially mirrors the composition of the nascent East Asia Summit (which is due to hold its fourth meeting in Thailand on 17 December) and marks an increasingly influential vision of the region as a geographic rather than a cultural entity.

This broadness is also a weakness, however. In the name of inclusiveness, the forum includes some of Asia's most repressive regimes. At the same time, it excludes the United States, which has been sponsoring its own alternative grouping, the Asia Pacific Democracy Partnership (APDP), which met for the first time in Seoul in October. Naturally enough, the APDP includes the US and excludes the region's non-democracies. But the limited enthusiasm shown in the region for this initiative suggests it is unlikely to survive the end of the Bush administration.

The Bali Democracy Forum, by contrast, has the potential to be an important step not just for democracy in Indonesia but also for Asia more broadly. And it underlines the fact that, contrary to proponents of 'Asian values', Asia's past record of authoritarianism is unlikely to guide its future.

22 September 2009

CANBERRA TIMES

ASSA DORON

## Speaking of Israel

Israel is enthusiastic about promoting its democratic ideals to the world, yet any Israeli who dares criticise the nation's policies towards Palestinians can testify to some undemocratic treatment from Israeli authority figures. Such voices of dissent have been systematically discredited by people in positions of power. The most recent case centres on an opinion piece published by Dr Neve Gordon in the *Los Angeles Times* last month, arguing for the pressing need for foreign governments, institutions and donors to boycott Israel in order to pressure it to renounce its apartheid policies.

Gordon's piece stimulated a heated debate in Israel, not least because Professor Carmi, the president of the Ben-Gurion University to which Gordon belongs, wrote a stern letter addressed to all university staff. In it she stressed the disastrous effects that opinion pieces such as these have on the university, which relies on donations from the Jewish Diaspora. She further suggested that such views published abroad would have serious ramifications for the university's capacity to sustain itself in the future. This was a veiled threat.

Recently I had the chance to ask a senior Israeli official in Australia about this issue and he responded by noting, appropriately, that everyone is entitled to their own opinion. But he then added that he awaits the day when Palestinians will be able to criticise their own regime—a day that he believes will signal their readiness for peace. For him, the ability to express such views is a mark of Israel's strong commitment to democratic values.

The official then continued to detail his reservations about the piece, surprisingly not about its content and arguments but rather its style:

suggesting that the opinion piece was written and published under suspect circumstances. He further opined that the fact that the *Los Angeles Times* published the piece, despite the range of views held by Jews in Los Angeles, is indicative of its agenda. He then continued to emphasise that Gordon's own motives were dubious. What followed was an attack that focused on the reasons Gordon chose to publish the piece in English (not in Hebrew) and sign off on it as an academic teaching at Ben-Gurion University.

I am familiar with such arguments; I experienced them not long ago following an opinion piece I wrote for *The Australian* during the Gaza assault. In that case, it would have been difficult to accuse *The Australian* of anti-Israel/Semitic bias as, during the same week, the Israeli Ambassador wrote a piece in favour of the Gaza war, and another Australian-based Israeli academic followed up my article with a strong rebuke. Both were writing in English and both signed off their essays with their professional designations.

Speaking about Israel for an outside audience in English was precisely Gordon's intention; for him Israel 'had to be saved from itself', which I understand to be a call for help. The piece was intended for the international community and the Diaspora to pressure Israel and awaken it, for it has become increasingly numb to the daily sufferings of others.

This does not mean that in Israel there is no debate; indeed, there is often vigorous debate, but, unfortunately, as a friend observed, there are few who will listen or, perhaps, can listen. Gordon's opinion piece drew much of its currency and power from the fact that he was courageously willing to air 'our dirty laundry' in public—something we (Israelis) are most reluctant to do for fear that our enemies will use it against us.

But such 'caution' that we are 'encouraged' to exercise from an early age has an insidious side to it. It means as Jews and Israelis we keep putting up a wall around us and that those daring to puncture the wall of silence are systematically discredited by people in positions of authority and subjected to *ad hominem* attacks and derogatory terms, such as traitors and cowards: a fifth column in the heart of the nation.

The senior Israeli official's castigation of Dr Gordon's use of his title and

designation also belies his earlier celebration of Israel's democratic ideals. For he does not genuinely seek a plurality of opinion, rather, such castigation is a testimony to the culture of self-censorship among Israelis, enforced by those in positions of authority.

Dr Gordon's capacity to identify the cruel effects of Israeli policies should be encouraged in the Diaspora for it is a product of his own personal history and experience, which is inseparable from his academic training, and offers a valuable contribution to debates outside Israel. No doubt following his essay Dr Gordon and his family have had to brace themselves against the well-oiled, state-supported propaganda machine of the Jewish/Israeli media. Unfortunately, Rivka Carmi's (un)veiled threats will have long-lasting effects—one of Gordon's colleagues confided to me recently that he is yet to secure tenure and, despite sharing Gordon's views, would think hard before risking his family's welfare to voice his opinion. A luxury, I would remind the senior official, unemployed Palestinians living under siege can hardly afford.

# Human Rights and Ethics

2 February 2009

CANBERRA TIMES

HILARY CHARLESWORTH

## Debate, not a boycott, needed to address racism

The United Nations conference to review the 2001 Durban World Conference against racism will be held in Geneva in April 2009. As it draws closer, the pressure on Australia to withdraw from the conference increases. Some commentators have argued that Australia should join Canada and Israel in boycotting the conference on the basis that it will simply be a forum for anti-Semitism. For example, Christopher Pyne, opposition spokesman on justice and border security, has called on the Australian government not to attend a potential 'hatefest'. This is a troubling charge and it is important to examine the evidence proffered to support it.

The original Durban conference, held in September 2001, adopted a lengthy declaration on the elimination of racism. It is fair to say that the politics of the Durban conference were fraught, with the situation in the Middle East attracting much attention. All major UN conferences are

accompanied by parallel conferences of non-governmental organisations (NGOs) and the Durban NGO event was blighted by some appalling anti-Semitic statements from irresponsible NGOs. For example, some NGOs distributed pamphlets supporting Hitler's Holocaust on the Jewish people.

The Durban Declaration adopted by the official conference condemned anti-Semitism, as well as Islamophobia. It recalled the Holocaust as an event never to be forgotten and referred specifically both to Israel's right to security and to the plight of the Palestinian people. This was controversial, however, and a number of countries, including Israel, United States, Canada and Australia, objected to any specific references to Israel's treatment of the Palestinians on the grounds that the declaration did not refer to any other examples of racism.

Critics regard the Durban Declaration as fundamentally flawed for this reason; and they view the preparations for the Geneva review conference as deeply biased against Israel. But the evidence provided for this fear is partial. It is true that Libya is chairing the conference and that Cuba, Iran, Russia and Pakistan are among the 20 vice-chairs. But other vice-chairs include Belgium, Greece, Norway, Croatia, South Africa, India and Argentina, elected on the basis of regional groupings. The chair and vice-chairs form a bureau for the conference, monitoring reports produced by UN officials. Thus far, this disparate group of countries has been able to achieve consensus on procedural issues but would act as a check if extreme positions were proposed.

Racism is a major cause of conflict and violence across the world today and it is tragic that the Geneva review conference may be undermined on the basis of a single situation in which racism plays a complex, but not a defining, role.

We should take a larger and longer-term view of the value of the Geneva review conference. The 2001 Durban Declaration contains detailed analysis of racism against classes of people such as refugees, migrants, indigenous peoples and against specific peoples such as the Roma, Jews and Muslims. It called for strong antidiscrimination legislation, improved education about racism, and better remedies and resources for victims of racism. There have

been some important advances since Durban—for example, the creation of national institutes to combat racism in some countries, and constitutional and legislative changes to outlaw racism in others. The election of an African-American as US president is a great symbol of progress. And Prime Minister Rudd's 2008 apology to the Stolen Generations is a local example of a creative and positive response to racism. But many racist practices continue to exist across the globe.

At the Geneva review conference governments will report on their implementation of the commitments they made eight years ago at Durban. The conference will allow both the progress made in combating racism and the many remaining problems to be assessed, national experience to be shared and attempts made to devise better solutions.

Racism is not easy to acknowledge. United Nations conferences among its 192 member states will inevitably involve politics and compromise. This can be frustrating, but it is also a chance to work creatively across cultural and religious divides. The preparatory documents available for the Geneva review conference are not perfect and require much more work. For example, proposals for elimination of the 'defamation of religions' being aired in background documents are worrying; they seem aimed at preventing criticism of religions in a blanket manner and are an attack on freedom of speech.

But such issues surely indicate the value of engagement and debate in Geneva in April rather than a boycott: Australia should attend the Geneva conference this April and help to steer it in a productive direction.

16 July 2009

SYDNEY MORNING HERALD

LUIGI PALOMBI

## Who owns your genes?

So your genes belong to you—all 23,299 of them. But the moment they leave your body your genes are ‘isolated’. They have been transferred into an artificial state—a foreign place. And in this new state patent law says they are patentable subject matter. As a result thousands of patents have been granted to biotechnology companies, universities and others, including scientists. The scientists responsible for this act of transformation are named on these patents as ‘inventors’. In 2005 a study published in the prestigious science journal *Science* disclosed that some 20 per cent of the human genome was ‘the subject of US IP’. In other words, US inventors claimed to have invented 20 per cent of your genes.

‘How is this happening?’ you ask. ‘Patents are granted to people who invent things,’ you say. ‘My genes weren’t invented; my parents gave me my genes,’ you react, surprised and now a little miffed by the idea that someone is claiming to be the inventor of some of your genome. Yet, that’s what’s been happening for more than 20 years, and in 1998 the European Parliament passed a law called the European Biotechnology Directive to make it legal. Today the European Patent Office in Munich accepts that an isolated human gene is patentable subject matter. It has to. That’s the law.

In the United States and Australia, however, moves are afoot to stop the patenting of your genes, which, let’s face it, no one invented. We all know that our genes belong to us and that they are natural phenomena. Just like all living things on this planet, they have either been created by God, if you’re a creationist, or have evolved, if you subscribe to Darwin’s theory. Either way, they are products of nature and according to the US Supreme Court are

things that are 'free to all men and reserved exclusively to none'.

Throughout 2009 the Australian Senate's Community Affairs Committee is conducting an inquiry into gene patents and their impact on the Australian people. In May in the United States the American Civil Liberties Union (ACLU) launched legal proceedings against the United States Patent Office and Myriad Genetics. The law suit challenges the validity of US patents granted to Myriad over the gene mutations that are responsible for causing breast and ovarian cancer in women who come from families that are predisposed to these forms of cancers. 'The primary claim', says Chris Hansen, the ACLU's attorney, 'is that you cannot patent a product of nature or a law of nature. It has long been a principal of law in the United States that you can't patent a product of nature, like a basic element such as gold, and you can't patent a law of nature such as gravity or  $E=mc^2$ . It is our position that many of the patent claims when they cover the gene itself, or the gene in certain mutated forms, represent both laws of nature and products of nature and are therefore inappropriate for patenting.'

On 3 August the Senate's public hearings commence in Melbourne, but will also take place in Sydney and Canberra later that week. Witnesses have been selected from among those that filed written submissions. They will be examined by the Senators Rachel Siewert (Chair, Greens, WA), Claire Moore (Deputy-Chair, Labor, Qld), Judith Adams (Liberal, WA), Sue Boyce (Liberal, Qld), Carol Brown (Labor, Tas), John Williams (National, NSW) and Bill Heffernan (Liberal, NSW).

The Senate was galvanised into action in November last year after Senator Bill Heffernan first raised the issue in committee. His interest was stoked by a lawyer's letter that Genetic Technologies Limited, a publicly listed Australian company controlled by Dr Mervyn Jacobson, sent to every publicly funded laboratory that performed a genetic test designed to detect mutations to the BRCA1 and BRCA2 genes. The BRCA1 and BRCA2 genes are in everyone, but mutations to these genes have been linked to breast and ovarian cancer. In the letter the laboratories were given seven days to confirm in writing that they would 'cease using the Patents' and 'refer the performance of all BRCA1 and BRCA2 testing to Genetic Technologies'.

Genetic Technologies acquired the Australian patent rights from Myriad in 2002 and, after trying to assert its patent rights at the time, subsequently retreated, supposedly making a gift of them to the Australian people, after the Howard government ordered the Australian Law Reform Commission (ALRC) to undertake an inquiry into gene patents. After 18 months, in June 2004 the ALRC delivered its report to the government. Though it made a number of recommendations, strangely it did not recommend that gene patents be banned. In any event, the Howard government never responded to the report and the Rudd government, so far, hasn't either.

Government inaction is probably the reason why Genetic Technologies, forgetting about its gift, tried once again to assert its patent rights over the BRCA1 and BRCA2 genes in July last year.

This time, the Senate has acted. Of course, no matter what the Senate's report recommends it will ultimately be up to the Rudd government to take the next step. In the meantime, over in the United States, it will be another six years before the ACLU's attempt to invalidate the Myriad's US BRCA patents will be definitely decided by the US Supreme Court.

4 September 2009

CANBERRA TIMES

NICHOLAS CHEESMAN

## Shameful responses to UN rights expert should be binned

A United Nations expert on indigenous people's rights last week labelled the Northern Territory emergency response as discriminatory and described Australia as suffering from entrenched racism. James Anaya expressed concern over policies that 'stigmatize already stigmatized communities' and pointed to the need for a real partnership between the government and indigenous Australians.

In response, the former minister who launched the intervention expressed annoyance at 'pontificating about human rights'. The current one also dismissed the special rapporteur's remarks. The Liberal spokesman for indigenous affairs described the comments as 'nonsense'. A senior Aboriginal figure in the Labor Party called for the findings to be dropped in the bin 'the same as every other rapporteur's report'.

All this is reminiscent of how political leaders in Asia react to critiques of their human rights problems. The ousted prime minister of Thailand, Thaksin Shinawatra, once countered that 'the UN is not my father' when challenged over his policy to enable the murder of alleged drug dealers. He told a special representative studying human rights defenders to go take a look at her own country, Pakistan, and stop bothering him.

His neighbour, Hun Sen, informed journalists that he wouldn't meet an expert assigned to examine human rights in Cambodia within a thousand years. And the Philippines justice secretary accused left-wing groups of brainwashing the rapporteur on extrajudicial executions—Philip Alston, an

Australian—into believing stories of state-sponsored killings.

Australia is usually ready to join in criticism of others, but apparently its politicians are just as intolerant as Thaksin or Hun Sen when it comes to people telling them what they think of our record. Not only is this hypocritical, but it also undermines those parts of the international human rights system that need to be defended, including the group of special procedures to which the rapporteurs belong.

The barrage of complaints which followed Anaya's statement was particularly inappropriate for a number of reasons.

First, the Australian government formally invited him here. Having done that, whether or not politicians agree with what he had to say, they should at least listen politely. The government is entitled to adopt or reject whatever he recommends, but with decency and courtesy, upon receiving his written report.

Second, the task of a rapporteur is to assess a country against existing international standards. Anaya did this. He pointed to two human rights treaties that Australia appears to have breached, one on racial discrimination, the other on civil and political rights. Australia joined these voluntarily. Clearly it is not Anaya who missed the point, as an editor for *The Australian* fumed, but the people who either ignored or were ignorant of his assignment.

Third, the rapporteur is a volunteer. He is not one of the 'UN's self-important bureaucrats', as a writer in *The Sunday Telegraph* put it. Rapporteurs receive no pay. They are not part of the system. They commit time and energy to work that they believe is important. Because they are outsiders, they can speak and act relatively freely. They can move fast to publicise and respond to urgent human rights concerns. They help to keep the UN relevant and act as a check against its bureaucratic tendencies.

Not only do rapporteurs deserve Australia's support, but they need it now more than ever. In recent years many governments have tried to cripple or eliminate the special procedures. This June, 35 regional and international groups addressed the Human Rights Council over 'extraordinary personal attacks' on mandate holders. These attacks have taken place both inside and outside the council. Among those targeted was the Australian rapporteur,

Philip Alston.

Governments are angry with rapporteurs and other procedures not because they are doing a bad job but for the opposite reason. They are angry because rapporteurs create debate on serious human rights problems that others do not. Rapporteurs bring accounts and analyses of those abuses to levels that others cannot. They say and do things that make policymakers and power brokers uncomfortable.

Whether James Anaya is right or wrong about Australia, the sharp rebukes of his assessment were an insult to him and a disservice to us all. They were out of line. They have diminished Australia's stature abroad and can but embolden politicians and autocrats in other countries who seek to ridicule universal human rights and the people who monitor them. It is not the rapporteur's views but the shameful responses to them that should be binned.

# Language

20 February 2009

INSIDE STORY

EDWARD ASPINALL

## Lost in translation

In January 2005, I attached myself as a volunteer to a team of over 20 Australian surgeons, paramedics, nurses and healthcare managers who had flown to Banda Aceh after the tsunami surged across Aceh's coastal zones, killing around 160,000 people. The Australian team had set up in one of Banda Aceh's private hospitals, and there they performed many life-saving operations. They brought a planeload of sophisticated medical equipment and supplies with them and dazzled the local Indonesian staff with their skills, techniques and treatments.

But—at least when I joined them—no member of the team was able to speak more than a few words of Indonesian. Doctors doing their rounds had great difficulty asking patients basic questions like ‘Where does it hurt?’ let alone explaining complicated medical procedures or the treatments patients would need to follow after being discharged. Many of the patients and their

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First posted on *Inside Story*, <http://inside.org.au/lost-in-translation/>, 20 February 2009.

relatives were distressed that they couldn't ask the doctors what was wrong with them or about their prospects of recovery.

With no other practical skills of my own to help survivors, it was a great relief to be able to use my knowledge of Indonesian language to work as an interpreter for the Australian team. In doing so, I joined several other Australians—mostly exchange students, NGO workers and the like—who helped out in this way because they happened to be in Indonesia at the time. It was a moving experience to help, in a very minor way, this team of Australian health professionals working in the aftermath of an enormous tragedy. Many of the survivors had horrific lower-body injuries, caused by pieces of tin or other objects in the swirling waters. The doctors performed what seemed to me to be miraculous surgery, patching over gaping wounds and pulling people back from the edge of death. They also treated their patients with warmth and humanity. The memory of the assistance they rendered, and of the gratitude of those they helped, remains vivid.

But the lack of Indonesian speakers on the team struck a jarring note. Certainly, I do not mean to criticise in any way the team members who went to Banda Aceh and performed such great service. I don't know whether it had proven impossible to find Australian health professionals who spoke Indonesian fluently, or whether doing so had been forgotten in the rush to put the team together. But the absence of Indonesian speakers seemed a sad reflection of the state of relations between Indonesia and Australia: at a moment of such great need, when the Australian government and some of its people were making a generous and life-saving gesture, a basic and serious communication gap remained.

Last night, Kevin Rudd launched a major conference on Australia–Indonesia relations in Sydney. No doubt the conference will conclude with many fine-sounding statements about how relations between our two countries have never been closer. Government spokespeople will make much of Australia's commitment to forging greater understanding of Indonesia.

My experiences in Banda Aceh suggest that in some ways the relations between Australia and Indonesia are much narrower and more fragile than they are often portrayed. But things could get worse still, as one of the

unacknowledged foundations of good Australia–Indonesia relations is in crisis. The study of Indonesian society and language has never reached critical mass in the Australian education system. It would be unusual to find an Indonesian speaker in any randomly selected group of 20 Australian professionals in any field. But at least the study opportunity has been available for many years to most Australian university students who want it. Now, Indonesian studies at Australian universities is feeling the impact of a decade-long decline in funding and activity. It is approaching a terminal phase. And not only is the Rudd government doing nothing to save it, some of its policies are actually worsening the situation.

Kevin Rudd has said that promoting ‘Asia literacy’ is a key goal of his government. In a speech in Singapore last August he declared that he was ‘committed to making Australia the most Asia-literate country in the collective West’. His vision, he said, was ‘for the next generation of Australian businessmen and women, economists, accountants, lawyers, architects, artists, filmmakers and performers to develop language skills which open their region to them’. There are few signs that he has acted to make this happen.

For decades, Australia has been a leading centre for research and teaching about Indonesia. Australian universities have produced a large group of graduates who are fluent in the Indonesian language and understand the culture, history and politics of the country. These people are now a crucial part of the connective tissue at the heart of the Australia–Indonesia relationship. They populate the government departments, businesses, NGOs and the aid organisations that work in or on Indonesia, and they teach Australian school children. European, Japanese and American policymakers and government officials who visit Indonesia often express amazement at the number of knowledgeable Australians they meet.

This cohort of Indonesia-savvy Australians is an invaluable resource for our country. They are one factor that elevates Australia’s relationship with Indonesia above that which that country shares with other Western countries. Yet the framework that produced this layer of people is now under threat. University after university has either closed its Indonesian program or is

considering doing so. Indonesian experts who were trained and recruited in the heady days of the late 1960s and 1970s are retiring and not being replaced.

Less than a decade ago our largest city, Sydney, had Indonesian language and studies programs available at or through all five of its major universities (University of New South Wales, University of Western Sydney, University of Technology Sydney, Macquarie University and University of Sydney), with full majors offered at three of them. Now a full program only survives at the University of Sydney, and the only other university still teaching Indonesian, the University of NSW (which a decade ago had one of the most vibrant programs in the country), has this year replaced its major with a minor. In Perth, a city with an especially large Indonesian community only three hours flying time from Jakarta, Indonesian programs have either closed or are under threat in two of the three universities where they have traditionally been offered. Our third city, Brisbane, used to have three separate Indonesian programs, but these have now been replaced by a consortium arrangement that allows students from Queensland University of Technology and Griffith University to learn Indonesian through the University of Queensland. At Melbourne University, until a couple of years ago another major centre, most of the key staff have retired or resigned and not been replaced. At most universities, staff in Indonesian studies programs sense the axe swinging ever closer to their necks. Nationally, perhaps a third of all Indonesian language courses are under threat of closure in the next 12 months.

In part, the decline of Indonesian studies is a result of funding pressures in a tertiary sector now driven almost entirely by market forces. Long ago, in the 1960s and 1970s, Indonesian studies attracted large enrolments, but it has not done so for decades. Instead, a spread of small programs provided Australia with a steady stream, rather than a flood, of Indonesia-literate graduates. Over the past decade or so, student numbers have dwindled as students get turned off by the economic, political and security problems in Indonesia.

When added together, though, these many small programs still make Australia the world leader (outside Indonesia itself) in advanced training

and research about Indonesia. No other country has the breadth of tertiary sector expertise on Indonesia, and it is this breadth that provides depth for both our knowledge of Indonesia and our varied relationships with it.

But small programs cannot survive when the logic of the market dictates all. Deans in financially pressed faculties have to make hard decisions to balance their budgets. Having to justify to their staff which programs to close, they understandably target the smallest ones first, which means Indonesian studies is often in the firing line. Australia's foreign policy priorities count for little in such decisions.

In the absence of national planning, Indonesian studies dies the death of a thousand cuts. Here and there, high-flying academics are able to win big grants and carve out temporary Indonesian studies fiefdoms. Others shelter under the protection of unusually sympathetic deans or directors. But they do so with few guarantees of long-term survival and without the institutional continuity and ballast that has made Australia the pre-eminent country for Indonesian studies.

In this context, it is significant that arguably the only Australian university where Indonesian studies has maintained a major presence and has not declined or experienced significant threat over the last 10 years is The Australian National University. The unparalleled depth of Indonesia expertise here is made possible by special federal funding that subsidises the ANU's Institute of Advanced Studies, one section of which focuses on Asia and the Pacific. Without similar federal priority on a broader level it is hard to imagine a long-term future for Indonesian studies at most Australian universities.

In the early 1990s, the Keating government backed its rhetorical commitment to Asia literacy by funding the National Asian Languages and Studies in Australian Schools (NALSAS) Strategy. The Rudd government promised to revive this program but has so far only initiated National Asian Languages and Studies in Schools Program (NALSSP), a pale and parsimoniously funded imitation. In the Keating years, the study of Indonesia, and Asia more broadly, experienced a renaissance in Australian universities. So far, despite all the rhetoric, there have been no signs of

equivalent leadership from the new government.

More than just sitting on its hands, the Rudd government has actively harmed Indonesian studies in Australia by issuing overcautious travel warnings to Australian citizens who plan to visit Indonesia. Wishing to cover itself against any risk of criticism for not warning of possible threats, and responding to popular fears aroused by the 2002 Bali bombings, the government has consistently exaggerated the threat of further terrorist attacks. No independent expert on Indonesian terrorism or security issues gives credence to the government's evaluation of the risks, and the Australian warnings have consistently been more alarmist than those of other countries.

The travel warnings have done great damage to Indonesian studies in Australia: parents forbid their children from studying Indonesian; schools cancel study tours and close language programs; universities ban or restrict their students and staff from visiting the country. The travel warnings mean that, despite all the feel-good talk about better relations and Asia literacy, a culture of fearfulness and risk aversion permeates all facets of Australia's relationship with Indonesia, from the top down.

As the Australia–Indonesia bilateral relations conference begins, I can't help remembering my experiences in Banda Aceh and Kevin Rudd's aim of fostering Australian professionals—including health professionals, one would hope—who speak Asian languages. This week's conference is a fitting time for the government to put flesh on the bones of its rhetorical commitment to Asia literacy. It is also an opportunity to move away from the obsession with terrorism and security that dominated the Howard government's attitude to Indonesia. Revising the travel warnings would be a start. Putting real resources behind teaching and research about Asia in Australian schools and universities would be even more significant.

24 June 2009

THE AUSTRALIAN

JAMIE MACKIE

## Don't overlook Indonesian

There are strong arguments in favour of a much higher degree of bilingualism and multilingualism in Australia and a far greater knowledge of Asian languages. I am strongly in favour of actively pursuing these, but I suspect that the arguments advanced in favour of either one do not necessarily help the case for the other. In fact, they may be in conflict. So we badly need much more discussion and debate about what we are trying to achieve.

The report, *Building an Asia-Literate Australia*, from the Griffith Asia Institute Australian Strategy for Asian Language Proficiency headed by Michael Wesley, proposes that Australia needs half of its population to be fluent in an Asian language within 30 years and that two-thirds of Australians under 40 should speak an Asian language, arguing that we must abandon Australia's monolingual mindset if we are to keep up with the four (increasingly multilingual) Asian powerhouses. It outlines an A\$11.3 billion, 30-year plan with three implementation phases, aiming to integrate a language teaching program from early primary school to university level.

That all points in a desirable direction, but there is one set of basic questions I feel we must answer about our objectives before embarking on it. Do we want so many Asian-language speakers for essentially economic or vocational reasons—to be able to communicate better with our customers and suppliers there—or for a broader sociocultural reason, to draw us into closer engagement with our Asian neighbours? Or, if a bit of both, how much? And how many of those Asian-language speakers will be able to find jobs where that knowledge is relevant to their employment? At present, the prospects are not enticing.

In 'Don't start with Asian tongues' (*The Australian Higher Education Supplement*, 17 June), Luke Slattery also seeks to abolish our monolingual mindset, but argues that while bilingualism must be our minimal aim, the emphasis should be on cognate languages with which English has an affinity: German, French, Spanish and Italian. The study of character-based Asian languages should be reserved for Anglophones who have already cut their teeth on a European language, since it takes three times as many tuition hours for English speakers to learn character-based languages. That sort of cognate apprentice tongue would then give students an appetite for more and a useful understanding of how foreign languages differ from ours. But in that case Chinese and Japanese will have to take their place as third in the multilingual queue, not second.

Indonesian may be an exception as a second-language option, however, since it is not character-based and is relatively easy to get started on. If we were to cut it loose from the constraining framework of other traditional year-long, three-classes-a-week university language courses and create a far greater diversity of intensive short-course options (preferably linked into full-immersion periods of in-country study to add real social and cultural familiarity), we could do better with Indonesian in the next few years than we have during the past fifty.

In the half century since it was first introduced into Australia, Indonesian has not made as much impact as we initially hoped on the highly Eurocentric character of our university curriculums or on the thinking of our academic colleagues, or on the attitudes of Australians more broadly towards Indonesia. Nor have large numbers of students ever taken it up, and those numbers have been falling for over a decade, during the Howard era.

Our one success has been to create a core group of Indonesia specialists in our universities, a few government departments, the army and (some) parts of the media, which now forms an invaluable national asset of the highest international standing. But will even that small group survive much longer as many of its senior members approach retirement? I hope to provoke some debate on these issues in a paper, 'The past and future of Indonesian studies', at the Indonesia Council conference at the University of Sydney in

mid-July. But the debate must range far wider than that if we are ever to find the most appropriate solutions here.

*2 September 2009*

THE AUSTRALIAN

KENT ANDERSON AND JOSEPH LO BIANCO

## **Speak, and ye shall find knowledge**

Languages are back in the news. As part of the national curriculum debate, English is one of the first cabs off the rank and Languages Other Than English are following in the second group. The National Asian Languages and Studies in Schools Program also adds limited funding for the next three years to promoting four targeted languages. Moreover, there is the slow burn of the crisis of language learning at both secondary level, where a pitiful 12 per cent of students who complete secondary schooling take languages in their final exams, and at the tertiary level, where the number of languages taught has fallen from 66 to less than 30 in the past decade.

This discourse is taking place against the backdrop of the financial crisis, which only heightens how important languages are in our rapidly and deeply globalised world, where the pension incomes of Australians are tied to the economic fortunes of North Americans, Asians and Europeans. This is what globalisation ultimately means: international dependency of a depth that has never been experienced in human history. When the economic and social fortunes of all countries are so directly and closely tied to those of other countries, a debate about overcoming the all-too-real language education

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crisis in Australia is very much to be welcomed.

However, the way the national conversation about languages is framed is disappointing and ultimately futile. Australia has unique potential as an Anglophone but multilingual country with European institutions and traditions, at the edge of the fastest growing and most dynamic part of the world, with Asian friends and neighbours. Few would believe we have lived up to our national potential, which is only available through a rich understanding of a multitude of languages.

Despite recent intensified interest in language education we are concerned that today's debates risk entrenching three fallacies. The first is the 'English will do' fallacy. The second is that we have to choose between Asia and Europe. The third is that language education serves only a utilitarian purpose: a fallacy which argues that we need foreign language skills exclusively to serve the utilitarian purpose of promoting trade and international political relations.

Let us examine each of these misconceptions in turn. Too many advocates of languages fear that recognition of the unique and unparalleled importance of English in the world diminishes the case for other languages. We feel the complete opposite is true. The reality of the global *lingua franca* role of English is undeniable. Recent estimates are that close to one-third of the population of the world either knows or is studying English. Australia has a vast benefit derived in English-medium education. To remove the native-speaker advantage, countries in Asia, Europe and the Americas whose national languages are not English increasingly offer specialised business, technology and science programs in English to compete in this promising market. So why is this not bad news for other languages? Because the millions of Chinese, Germans and Paraguayans who are learning and using English to communicate with Bulgarians and Americans alike are adding English to their Chinese, German and Spanish. As they become bilingual, it is only native speakers of English who remain monolingual. The disadvantage is reversed. While not knowing English is a disadvantage, knowing only English is a disadvantage too.

The second fallacy is the categorical choice we are often enjoined to

make. Put aside Europe, we are part of Asia; or reject Asia and cleave to Europe. The dichotomy is absurdly false. Is the French and Spanish spoken throughout the Pacific an Asian or European language; what about the Cantonese spoken in Canada? More significant than the silliness of trying to apply Middle-Age typology to a twenty-first century mobile world, we need national language capability in both so-called Asian and European languages.

Each particular language has its distinctive needs. What Australia needs to do to ensure a national language capability in Vietnamese and Hindi, Spanish and German, is unique to each of those languages. There is no Asian language category; even so-called character-based languages are radically different from each other. We must teach in our schools and universities the key languages of Asia and the key languages of Europe. We must also support languages that do not fit neatly into secure geographic categorisations but which are important for Australian national interests (Arabic, Russian and world languages such as Spanish). Moreover, a humane and sophisticated languages policy sensitive to national need must find ways to support Aboriginal and community languages.

We should have a policy that aims to conserve the remarkable contribution that immigrant communities from all over the world make to the nation. Of course we agree that our schools cannot teach all languages, but students and communities provide these programs in vast numbers.

The final fallacy, and in some ways the deepest and most troubling, is the almost exclusively utilitarian approach to language learning that much of the recent discussion has taken. Of course, the trade and security reasons for studying languages are enormously important on a variety of levels, but ultimately the reason students should learn and study languages is a humanistic one.

We know that students may start a language for utilitarian purposes, but the research also teaches that it is what language brings beyond some potential future job that keeps students studying until their language proficiency is functionally useful. Studying languages allows our students to encounter human differences in their most natural way and thereby to open themselves

to an exploring and understanding of the self based on learning about the other.

There will always be a need for short-term and specialised niche language teaching in particular languages, but the providers of this kind of training can do so best on the basis of a successful apprenticeship in bilingualism in schools. Ultimately this is why we compel young Australians to be schooled. We want them to experience rich, humanistic education that asks questions about the civilisations of Europe and Asia, not to mention the Americas and Africa.

A language education policy that takes seriously the highest intellectual, cultural and civilisational ideals of the great experiences of humanity must be global, taking in both Asian and European and fusing these together to help forge a uniquely Australian world literacy.

# Resources and Energy

18 August 2009

INSIDE STORY

QUENTIN GRAFTON

## One fish, two fish, no fish

### Introduction

The past fifty years has seen a massive expansion in fishing capacity that has overexploited many fisheries to the point that reducing fishing would increase overall profits from harvesting, perhaps by as much as US\$50 billion per year. About a quarter of the world fisheries are also overexploited in the biological sense that current harvests are less than what they could be if fishing effort were reduced and stocks were allowed to increase. Fishing has contributed to the stock collapses that account for about 15 per cent of exploited fisheries, has changed the age structure and stability of fish populations and the trophic level of exploited species, and has altered the

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This paper is drawn from chapter one (with co-authors Ray Hilborn, Dale Squires and Meryl Williams) of *Handbook of Marine Fisheries Conservation and Management*, edited by R. Quentin Grafton, Ray Hilborn, Dale Squires, Maree Tait and Meryl Williams, to be published by Oxford University Press later this year. An edited version was posted on *Inside Story*, <http://inside.org.au/one-fish-two-fish-no-fish/>, 18 August 2009.

species composition of fish communities. Destructive fishing has also damaged marine ecosystems.

The impact of these changes is that the world harvest of capture fisheries reached a plateau in the early 1990s at about 85 million metric tons, and much of the future supply of fish will come largely from aquaculture. Aquaculture already supplies about half of the fish people directly consume. However, many of the highly valued aquaculture species depend on fish protein from capture fisheries to provide the bulk of their feed. This so-called 'fish-meal trap', however, does not apply to shellfish, but it could become an issue even for herbivorous farmed fish as protein-rich feeds can increase growth rates of all fish species. The evidence to date, however, suggests that the limits in terms of the supply of fish-meal have not had an appreciable impact on aquaculture's rapid growth although this may change for high-valued farmed fish (such as salmon) if prices of fish-meal rise appreciably. If the fish-meal trap were to eventuate, it would be a major concern, as would any further declines or collapse in wild fisheries on which many poor and fishing-dependent communities rely for the bulk of their protein intake.

As salmon stocks have declined, primarily due to habitat deterioration and even loss, farmed Atlantic salmon from Norway, Chile, Australia and other countries have become increasingly important sources of supply. This has benefited consumers, primarily in rich countries, who now have access to a greatly increased supply of salmon and also other premium species such as shrimps/prawns at much reduced prices. In turn, lower fish prices have reduced the profitability of harvesting wild stocks as has happened in Australia's Northern Prawn Fishery.

The difficulties of managing fisheries extend well beyond concerns about overfishing and include environmental, ecological and biodiversity considerations. Overlaying these challenges is international trade that allows high-income nations to potentially export their marine conservation problems to lower-income countries while importing their fish to consume. A key issue is how to develop the appropriate mix of private benefits (that accrue solely to their user) from fishing with the environmental, ecological and public good benefits (that are available to all and are non-rivalrous)

aspects of the marine environment to achieve the most socially desirable outcome.

In an increasingly interconnected world, conservation and management issues extend beyond the boundaries of a single nation, including the high seas. Conservation and management issues of trans-boundary resources face an additional issue: how to achieve the cooperation of multiple nations when each country wishes to preserve its own sovereignty and freedom of action. The potential for decline in marine capture fisheries poses major dilemmas for the 200 million or so fishers and others employed in fish supply chains that, along with their families, depend directly on them for their livelihood. Managing fish stocks and conserving the marine environment on which these communities depend represent the greatest human challenge facing ocean management.

The challenges of overfishing and conservation are exacerbated by global dilemmas such as climate change. Acidification of the world's oceans, rising sea levels, changes in salinity and water temperature, and increased variability of ocean currents associated with climate change all represent risks that must be effectively managed to ensure the sustainability of the world's fisheries. In all likelihood, effective mitigation on anthropogenic emissions of greenhouse gases is decades away, so we must prepare for and adapt to an increasingly uncertain ocean environment. The best way to face these global challenges is to resolve present-day problems that have remedies.

## **The causes and remedies for overfishing**

The many differences across fisheries, fish stocks and their habitats, however, obscure the commonalities across the world's oceans. Four key traits are shared by almost all fisheries; these account for why many fisheries are overexploited and offer insights into the way forward to implement effective marine conservation.

### *Fisheries as common-pool resources*

Fish stocks are common-pool resources where (1) catches are rivalrous, and (2) it is costly to effectively control the access and the harvest from them. The first characteristic means that fishing by one person reduces

the catch available to others. In the absence of property rights over the right to catch fish and effective control of fishing effort, this means that individual fishers will catch too many fish because they will fail to consider the costs they impose on others from their own actions. This is not because fishers do not care about sustainability of the stocks on which they depend, but because conservation efforts by any one individual will simply end up benefiting someone else in the absence of effective collective management and control.

The second characteristic of a common-pool resource is that it is difficult and expensive for centralised governments or international bodies to control or limit the industry. This is because harvesting, often by many different individuals, occurs at sea. In contrast to those working in terrestrial environments, fishers are difficult to monitor and regulations are difficult to enforce. The complexity is compounded in transnational fisheries and among highly migratory species, when harvesting is carried out by individuals from many different nations. Adequate observer programs, and other means to see what, when and where fish are caught, are affordable only in high-value fisheries. In the absence of such coverage, managers must infer what is happening at sea.

The difficulty in implementing adequate monitoring, control and surveillance is one reason that in many fisheries the incentives do not exist for fishers to behave in a way that promotes both their own individual long-term interest and the sustainability of the resource. This problem is compounded for highly migratory and trans-boundary species such as tunas.

### *Fisheries in an uncertain world*

Fisheries are subject to large, and sometimes unforeseen, fluctuations. For example, ocean currents may shift direction in one year, resulting in the collapse of populations that depend on the nutrients that these currents provide. There are inherent uncertainties in marine capture fisheries that will never be overcome, and many of the fluctuations in fish stocks are a result of environmental changes over which we have no control. Thus, effective management of fisheries requires explicit recognition of these uncertainties. This not only demands 'robust' methods of management that offer a degree

of control under different conditions but also makes resilience, or the ability of marine ecosystems to ‘bounce back’ in response to negative shocks, an important goal of fisheries management.

Uncertainty about the current and future state of fisheries and the marine environment requires management approaches that can formulate different actions for different scenarios. Unfortunately, many fisheries managers lack the capacity and resources to fully model and consider a full range of scenarios and different states. In these situations, and as an alternative, knowledgeable stakeholders can be recruited to provide ongoing information on sustainability of stocks and habitat, while community and traditional management structures can be supported to limit fishing effort on vulnerable locations and species.

Although modelling is helpful to fisheries managers, it is not a prerequisite to implement adaptive management, which can be described as a situation whereby managers have quantifiable goals and objectives, monitor outcomes as best they can and, where necessary, both learn and adapt their strategies depending on the states of the world. Given the prevailing uncertainties, adaptive management is necessary for successful marine conservation in the long run because simply setting regulations on ‘autopilot’ and hoping for the best cannot be the best strategy in every state of the world.

### *Fishers before fish*

Putting fish before fishers has contributed to the current problems of overfishing. This is because many regulations and approaches to management are first designed around achieving levels of fishing mortality with little consideration as to how these levels of harvest can realistically be achieved. For example, managers may restrict the number of fishing vessels allowed into a fishery. However, in the absence of controls on these vessels, fishing effort will continue to expand if it is profitable to do so. Subsequently, managers may also limit the length of vessels permitted to fish, but as long as fishers find it in their financial interest, they will substitute other inputs, such as increasing the width or volume of their vessels or switching to gear that is unregulated.

An alternative to a top-down approach to fisheries starts with understanding

fishers, the most important of all predators. It recognises that approaches that help to ensure that the individual incentives of fishers coincide with the overall interests of the fishery will be much more successful than approaches that force fishers to act in ways that are contrary to their interests. These incentives-based approaches share a common feature: they allow fishers, either individually or collectively, to have ‘catch shares’ or rights over particular fishing locations. These have been successfully implemented in key Commonwealth fisheries in Australia, such as the southeast trawl fishery, in a number of state fisheries, and in other countries such as New Zealand and Iceland.

By providing fishers with a dedicated share of the allowable catch, harvesters have a long-term incentive to conserve fish stocks as they directly benefit from conservation. The dynamic of fishing behaviour also changes from one of racing to catch the fish before someone else to one of minimising harvesting costs and protecting the future returns from fishing. Transferability of the catch shares allows fishers to voluntarily exit from fishing.

### *Fishing, fisheries and marine ecosystems*

Fish stocks are part of marine ecosystems. Some of these interactions are direct in that big fish eat small fish and are part of the many food webs linking phytoplankton up to the largest predators. Fishing often targets only a few components of ecosystems, primarily, but not exclusively, the larger predators. This affects not only the targeted species but also, through the complex interactions across species and their habitats, influences other parts of the marine environment.

Recognition of the impacts of fishing on marine ecosystems has led to the development of ecosystem approaches to fisheries management. Such approaches take a broader perspective that goes beyond the sustainability of targeted fish stocks and tries to account for the overall ecosystem health. These approaches are precautionary and seek to promote resilience of ecosystems and the sustainability of fisheries. The ecosystem approach is in contrast to what has been viewed as a ‘single-species management’ whereby fishing on specific target species is regulated with little consideration of the

effects of harvesting on other species or habitats.

The challenge with ecosystem approaches is to understand the species interactions well enough to improve on existing practice and then to translate this understanding into management strategies that result in better outcomes. This is a difficult enough task in rich countries with strong research capacity and well-developed management. It is impossible in the national fisheries of many developing countries, where even single-species management is not done effectively. This suggests that bottom-up approaches that provide incentives for fishers to sustain marine ecosystems, and not just the fish on which their livelihood depends, will be critical to achieving the worthy goals of the ecosystem approach to fisheries.

### **The future**

The path ahead is difficult, but there are reasons to be hopeful. Fisheries management can, and has, generated turnarounds in fish stocks when fishers are considered to be part of the solution and not just viewed as a problem that can be regulated out of existence. The insights from the successes and failures in marine conservation and fisheries management show that if best practices were implemented today, there would be enormous gains in both public and private benefits from the world's oceans.

20 August 2009

THE AGE

ROBERT AYSON

## Nuclear energy is neither a monster nor a panacea

Nuclear power for Australia is one of those issues that just will not go away. In his speech to the Sydney Institute on Tuesday, national secretary of the Australian Workers Union, Paul Howes, did not so much reopen the debate by suggesting that Australia let go of its ‘superstitions’ and embrace nuclear energy, as bring back to the surface the gurgling undercurrents of a discussion that never really disappears.

Nor should it disappear. Howes’s detractors will argue nuclear energy is too expensive or too hazardous for Australia to seriously consider it as an option. Others may be tempted to jump too strongly on his bandwagon and suggest nuclear energy is the single answer for Australia’s (and the world’s) energy and greenhouse gas challenges. But neither of these extremes holds. Nuclear energy is neither a monster nor a panacea, and that is one reason the debate continues.

Howes has made three nuclear proposals. First, that Australia increase the scale of uranium mining to meet growing international demand, in which case Queensland needs to get with the program and drop its opposition. Second, that Australia build a domestic nuclear energy generation capacity as part of a more sustainable mix of energy sources. And third, that Australia develop the capacity to ‘process’ its own uranium to use in its own civilian reactors.

The first two of these ideas have significant merit. The third, which is elsewhere called uranium conversion and enrichment, could be unnecessary and risky for Australia. An expansion in uranium mining is already occurring in Western Australia and South Australia. Uranium oxide still accounts for

less than 1 per cent of total Australian mineral and energy sales, but as the holder of the world's largest available uranium deposits, Australia can still benefit significantly from the expansion in international demand for nuclear fuels, regardless of the political climate in Queensland.

Also, for the time being at least, Canberra does not have to contemplate the sale of uranium to India, which would contravene the established policy of exporting only to countries in good standing with the Nuclear Non-Proliferation Treaty. This quiet interlude in Australia-India nuclear relations is due to the Rudd government's willingness at the Nuclear Suppliers Group to let other countries cooperate with India's nuclear industry.

The creation of a serious civilian nuclear power generation capacity would break new ground in Australia. Howes's estimate that this might not occur before 2020 probably underestimates the time it would take, even under the best circumstances. It would be an expensive choice and could only be justified as a long-term investment. Australia would need to carry out careful diplomacy to reassure neighbours that they had nothing to fear from an Australian civilian nuclear program.

In fact, it is perfectly reasonable to argue that Australia should choose to say no to nuclear energy. But the consequences of such a choice need to be recognised. If Australians want plentiful energy, it means a continuing over-reliance on coal with a resulting heavy carbon footprint and the rapid use of Australia's natural gas reserves. Or it means an energy mix of non-nuclear renewable sources, which would reduce greenhouse emissions but would generate so little power that drastic and very uncomfortable changes in the way Australians live, work and play would be required.

If Australians want to have their cake and eat it too—continuing their high levels of energy consumption while somehow moderating their country's large per capita carbon footprint—then having some nuclear energy probably needs to be part of the answer.

Whatever else it chooses to do on the nuclear energy front, Australia probably should not look to process its own uranium for its own nuclear reactors. Howes's notion that this would add value is off the mark. Enrichment is an especially expensive business and it is not clear that a

country with Australia's population and just a few reactors could ever justify such a move.

It would be cheaper for Australia to rely on someone else to do the low-level enrichment needed to make uranium suitable for use in civilian nuclear plants, even if that means reimporting Australian uranium 'processed' offshore.

Like other responsible countries in the world, Australia has little interest in seeing the spread of enrichment capacities. Insisting on its own right to do so may open Australia up to charges that it really did have ulterior motives with its embrace of nuclear energy, unless Australia could somehow get itself chosen as one of the locations where internationally controlled and endorsed enrichment was to take place.

Yet if Australia is looking to offer its services to the world as a good nuclear energy citizen, it should look no further than the need for international depositories for long-term waste. Australia is an old, vast and stable continent, and there is hardly anywhere else in the world that is a less-bad choice for such a facility. But this would require even more political leadership and courage than would be needed if Australia were to take a serious step towards nuclear power generation.

# Afghanistan

24 February 2009

THE AGE

WILLIAM MALEY

## Shutting down the Taliban is key to success

The decision of the Obama administration to send a further 17,000 troops to Afghanistan points to a decisive shift in focus from the era of the Bush administration, in which Iraq proved a fatal distraction. 'In Afghanistan', a senior Bush official remarked, 'we do what we can. In Iraq, we do what we must.' Thankfully, President Barack Obama shows signs of having moved away from this dismal logic.

But where this will lead is still not clear, in part because a US policy review under a senior official, Bruce Riedel, is yet to be completed. This, together with disturbing news stories from Afghanistan, has created a pervasive sense of unease about where US policy is headed and where Washington's allies might be led.

The temptation to see Afghanistan as another Vietnam-style quagmire, to suggest that foreign forces always meet with resistance, and to argue that

bolstering Pakistan is more important is seemingly quite strong. Yet much of this narrative is suspect, based on dubious history, on isolated pieces of information taken out of context and on a reluctance to face up to other harsh truths about Afghanistan's neighbourhood.

There is no doubt that Afghanistan faces very serious challenges. The Karzai government was in several respects handed a poisoned chalice. At the 2001 Bonn meeting that set the direction for Afghanistan's transition, control of 'departments' of the future Afghan state was delivered to patronage networks, setting the scene for dysfunctional politicking.

This problem was compounded when the Bush administration blocked the expansion beyond Kabul of the new International Security Assistance Force, thereby remitting control of much of the countryside to non-state actors, some of them deeply unappetising. Added to this was a flood of aid money, much of it directed to private contractors with little understanding of Afghanistan's complexities, but with a mandate to spend it, fast. All this made inefficiency and corruption virtually inevitable.

Yet despite this, recent, serious survey research points to a great resilience on the Afghans' part and a continued preference for the transition that began in 2001. A carefully designed June–July 2008 Asia Foundation survey found that 67 per cent of respondents gave a positive assessment of the central authorities and 78 per cent regarded democracy as the best form of government. Insecurity (36 per cent) and unemployment (31 per cent) far exceeded corruption (14 per cent) in respondents' listings of Afghanistan's biggest problem.

The problem of the Afghan state is not fundamentally one of illegitimacy but of incapacity, and this highlights the need for a new package of aid for state-building that equips the Afghan state to perform a few key tasks well.

It is also the case that Afghans greatly prefer the current situation to an alternative that might give some space to the Taliban, as a BBC/ABC poll conducted in all Afghan provinces in January 2009 shows. Some 82 per cent said they would rather have the current government rule the country (compared with 4 per cent preferring the Taliban); 58 per cent named the Taliban as the biggest danger to the country. A striking 69 per cent concluded

it was good that US forces had come in 2001 to overthrow the Taliban, and 63 per cent supported the presence of US forces now (with 59 per cent supporting the presence of NATO/International Security Assistance Force operatives).

And in response to those who would promote negotiation with the Taliban, 71 per cent said this should happen only if the Taliban first stopped fighting, with 64 per cent adding that the Taliban remain the same as when they ruled before 2001.

Contrary to florid claims that the Taliban ‘control’ 70 per cent of Afghanistan, in this survey 63 per cent of respondents stated that the Taliban had ‘no significant presence at all’ in their local areas, 67 per cent saw the central government as having a strong presence in their area, and 52 per cent of respondents rated the work of President Karzai as ‘excellent’ or ‘good’. But that said, the survey also confirmed popular hostility to US air strikes, with 77 per cent finding them unacceptable because of the risk of civilian casualties.

All this points to the need for much more nuanced diagnoses of Afghanistan’s problems. Some areas in Afghanistan are profoundly and dispiritingly insecure, but for the most part they are the regions nearest the sanctuaries in Pakistan where the Taliban leaders, and their allies in the Hezb-e Islami and the so-called ‘Haqqani network’, are based. Ultimately, Afghanistan will remain at risk until the sanctuaries are shut down.

This is not something the Pakistan military will readily countenance. As Bruce Riedel himself put it in 2008, ‘Pakistan helped engineer the alliance between al-Qaeda and the Taliban and ensured the Taliban’s safety in Afghanistan.’ Indeed, as recently as May last year, Pakistan’s army chief reportedly referred to Haqqani as a ‘strategic asset’.

But Pakistan itself is now profoundly threatened by the forces it unleashed when it promoted the Taliban in the 1990s, and it should be pressed relentlessly to arrest the Taliban leaders in their Quetta sanctuary.

This is well within Pakistan’s capacity, it would give a huge psychological boost to moderates throughout the region, and it would help ensure that any additional Australian troops deployed to protect ordinary Afghans in troubled areas would face a less daunting task.

25 August 2009

CANBERRA TIMES

WILLIAM MALEY

## Afghanistan's elections: the eye of the storm

At 6 am on 20 August, I headed out from my hotel in the Kabul Shahr-e Naw district to join a team of observers visiting polling places in different parts of the Afghan capital. Most election observation by international observer teams is as much an exercise in confidence building as in detailed monitoring, since at best one can witness only a tiny fraction of the vote-casting even at a single polling station. My own day proved quite uneventful. A bomb blast in a nearby suburb and a gunfight downtown did nothing to disrupt my monitoring and, in the polling places I visited, the polling staff conducted themselves well, right down to the proper recording of serial numbers on the tamper-proof seals that hold the lids of ballot boxes in place. Many journalists in Kabul saw much the same thing, and this lent a distinct tone of relief to reporting of election day.

Yet this represents only a small part of the story. Across Afghanistan, there were roughly six times as many violent incidents as one would expect on a 'normal' late summer day, and it is now clear that this, along with a generalised fear of carnage, had a major impact on turnout, especially of women. In the entire province of Uruzgan, in which Australian troops are based, only six polling stations for women actually opened, meaning that only 3,600 ballot papers were available for women. And in the province of Kandahar, informed international staff concluded that even a suggested turnout figure of 5 per cent was a gross exaggeration. This is part of a different and alarming story about what actually happened on polling day.

When turnout is low, an often-overlooked implication is that there are likely to be large numbers of blank ballot papers that can be put to nefarious

use. And as time goes by, it seems more and more likely that Afghanistan's troubled provinces of Kandahar, Uruzgan, Zabul, Ghazni and Helmand were witness to industrial-scale fraud, driven by backers of the president but facilitated by electoral staff who had been effectively suborned. Fraud on this scale not only puts the credibility of the election on the line but poses a hideous challenge for the international community.

On the evening of 22 August, a report surfaced in Kabul that President Karzai had won over 70 per cent of the vote. Since turnout by all accounts was lowest in the areas where he had done best in 2004, and he had won only 55.4 per cent in 2004 when everything worked in his favour, such a figure (or indeed any figure that would give President Karzai a first-round victory) strains credulity to breaking-point. To those with long memories, it recalls the 1977 Pakistan election, when associates and supporters of Zulfikar Ali Bhutto, keen to give him a memorable victory, did just that—producing an outcome so lopsided that it triggered Bhutto's downfall. President Karzai may have been similarly ill served by his supporters, since his personal standing will be permanently stained if he is perceived to have retained office on the strength of stuffed ballot boxes and falsified vote tallies. The real victims of all this, however, would be the ordinary people of Afghanistan.

It is difficult to overstate the threat that a corrupted election would pose to the prospects for Afghanistan's transition. Some figures seem to think that Afghanistan has muddled through problems in the past, and that the same will happen this time. Such a sanguine approach fails to recognise that the 2009 election has brought Afghanistan to a fundamental tipping point in terms of governmental legitimacy.

Some (US) figures apparently fear that a second round of voting could sharpen ethnic rivalries. But a Karzai victory that was perceived to have been dependent on fraud would do far more to ignite ethnic tensions than any run-off could possibly do. Furthermore, the international community would lose all credibility in the eyes of many Afghans if it signed off on the result. But even more seriously, ordinary Afghans would likely give up all hope of being able to use peaceful, political means to procure political change. The main beneficiaries of this would of course be the Taliban.

In all the circumstances, a run-off election between the incumbent president and his main challenger seems not only the best, but probably the only, way of forestalling either a catastrophic political crisis or the total loss of any momentum for Afghanistan's state-building experiment. This will put enormous pressure in the coming weeks not only on the Electoral Complaints Commission, headed by Grant Kippen, but also on the United States, the European Union, the United Nations and those actors in international society that purport to value both the idea of free and fair elections, and the fragile but evolving norms of democratic governance.

*October 2009*

THE MONTHLY

HUGH WHITE

## Think about leaving

When soldiers die, our political leaders speak of the nation's shared grief. In the big wars of the last century, when so many soldiers died and so many families grieved, that may have carried some truth. But when soldiers die in small wars, the grief is not shared in any meaningful way, and it is dishonest to say otherwise. In reality, the awful price is paid by just a few—the dead soldier's family and friends. How do we weigh their grief in the cost-benefit calculations of strategic policy, when the rest of us do not and cannot share it?

Few of us are pacifists, so most of us accept that such decisions must sometimes be made. But in Australia we have not faced them for a long time. Not since Vietnam have Australian leaders, and Australian voters, had

to take responsibility for deliberately committing fellow citizens to military operations in which we *expect* some of them will be killed. Today we do face that responsibility. Eleven members of the Australian Defence Force (ADF) have now been killed in action in Afghanistan. As this toll has mounted, something important has changed in the nature of Australia's engagement in this war. Their deaths are no longer exceptional and unexpected. They have become the normal and expected consequence of the government's policy choices.

Of course, 11 is not many compared with our losses in the wars of the last century. Nor is it many compared with the losses of some of our partners in Afghanistan: Canada has lost over 120. But 11 is enough, surely, to weigh in the balance as we consider the future of Australia's commitment and to bring into focus the wider questions about this war and the choices we make about it. In coming months the Rudd government will be pressed by Washington to send more troops to Afghanistan and to assign them more dangerous roles. Saying 'yes' would virtually ensure that more Australians will be killed. Ministers will have to decide whether to impose on a few families an unbearable burden of grief, as the price of achieving the purposes for which the war is being fought.

What are those purposes again? We hear four different reasons why Afghanistan's future matters so much to Australia. One is a sense of obligation to the Afghans: those who toppled the Taliban should help clean up the resulting mess. Fair enough, perhaps; but such obligations have limits, and surely we have passed them. We cannot be obliged to persist indefinitely in a costly, hopeless effort to do for the Afghan people what, in the end, only they can do for themselves.

The second reason to stay in Afghanistan—the one most often cited by our leaders—is that denying the Taliban control over Afghanistan helps protect our countries from terrorist attack. September 11 and the Bali bombing were nurtured from Afghanistan, they say, and that could happen again if the West withdrew. But denying bases in Afghanistan will not significantly reduce the risk of terrorism in future, because terrorists can easily find bases elsewhere, and they already have. What happens in Afghanistan is therefore

incidental to the future terrorist threat: success there would not make us safe, failure would not increase the risk much, if at all.

The third reason is that success in Afghanistan is essential to fixing the problem in Pakistan. Pakistan—where Islamist extremism, weak government and nuclear weapons mix—poses much greater dangers than Afghanistan. Arguably, success in Afghanistan is necessary for progress in Pakistan, but it is far from being sufficient. With or without peace in Afghanistan we have no solution to Pakistan's problems. Indeed, the argument might better run the other way: the fact that we find it so hard to fix Afghanistan suggests that we have absolutely no chance of fixing Pakistan, which has six times as many people.

Finally, of course, there is the alliance. Everyone in Canberra knows that this is what Afghanistan is really about for Australia. It is an old story. Since Vietnam, Australia has proved its value as an ally by offering small, essentially symbolic contingents to support US military operations in and around the Gulf. This has worked well for us. The occasional small, low-cost deployment to the Gulf has been a very cost-effective way to maintain our reputation as a close and reliable ally.

But does it still work? In the 'war on terror', the kind of small, safe commitments we made in the 1980s and 1990s don't cut much ice. In fact there is a real risk that Australia's token efforts in Iraq and Afghanistan have battered rather than burnished our standing in Washington. The gap between gung-ho rhetoric and timid reality has become too plain. John Howard's personal rapport with Bush limited the damage on his watch, but Kevin Rudd has no special friend in the Oval Office. Obama will judge Australia unsentimentally, on its actions, and that judgement is unlikely to be generous.

This suggests that, if the alliance is the real reason we are in Afghanistan, it is time to move beyond tokenism. We should send more troops and commit them to do the more dangerous jobs that the Americans would like us to take on. But that raises two deeper questions. First, does helping America so far from home still make sense when it requires not small, short, low-risk deployments, but bigger, longer and more dangerous ones? Interestingly,

the government's new Defence White Paper suggests that it doesn't. In an intriguing passage (paragraph 6.15), it says, 'We must never put ourselves in the position where the price of our own security is a requirement to put Australian troops at risk in distant theatres of war where we have no direct interests at stake.' Makes you wonder, doesn't it?

Second, does this whole approach to alliance management match contemporary strategic circumstances? Deployments to distant places like the Gulf and Afghanistan have been central to Australia's alliance with America because, as long as Asia enjoyed uncontested US strategic primacy, there was nothing for a loyal ally like Australia to do closer to home. But that era may well be passing. The new Defence White Paper suggests that American strategic primacy in Asia faces a fundamental challenge from China. If so, Australia's alliance with America will rapidly focus back on Asia as Washington looks for our support in meeting Beijing's challenge. Whether we agree to provide that support will have profound implications for the alliance. If we do, any failings in Afghanistan will soon be forgotten. If we decline, nothing we have done in Afghanistan will save the alliance. Either way, as Asia becomes more contested, what we do in Afghanistan matters less and less to the way we are seen in Washington.

All this suggests that there is little reason for Rudd to send more Australians into danger in Afghanistan. But it prompts a further question too: why stay at all? Where do we think it is going, and how will it end? Right now it does not look good. The election in August has done nothing to restore either the legitimacy of President Karzai or the credibility of the political system which has been sponsored by the Coalition over the past eight years. The hope has faded that the Taliban can quickly be defeated by applying the counter-insurgency tactics which apparently helped pacify parts of Iraq. The Taliban seem to grow stronger and more capable. Coalition commanders keep asking for still more troops. And the numbers of soldiers being killed grows.

No one can be sure that the intervention will fail. But seriously, no one in policy circles in Canberra really expects that it will succeed, and few of them seem to believe that it matters much whether it does or not. By far the most

likely outcome, therefore, is that one day, after spending billions more dollars and who knows how many more lives, Australia will leave Afghanistan pretty much as we found it. So why not quit now, if the interests at stake are illusory, and the chances of success are so low?

The answer of course is politics. Kevin Rudd's approach to Afghanistan, like Barack Obama's, began with a political calculation, not a strategic imperative. There is no evidence that, as they campaigned for office, either Rudd or Obama thought deeply about Afghanistan itself or weighed the balance of risks, costs and benefits of the intervention before committing themselves, if elected, to persevere in it. What they did consider was the need to show their national security credentials by offsetting plans to withdraw from Iraq with strong commitment to another, less unpopular, war.

Now, as that war too becomes unpopular, they find themselves in a fix. Western voters dislike long, costly and unsuccessful foreign wars, especially when there is no strong and clear national interest at stake. But they also hate military failure, and they punish politicians who seem not to have the stomach for a tough fight, even when they see that the fight is probably both pointless and hopeless. Kevin Rudd, like Obama, therefore finds himself squeezed between the voters' growing dislike of the war and their perennial predisposition to punish a quitter. Strangely enough, this vice squeezes harder as casualties climb, because, while the voters dislike casualties, they also dislike leaders who lack the guts to keep going when the coffins start coming home.

Rudd's approach to this dilemma is simple enough. He will do as little as possible. He will maintain the commitment, but try to keep it as small and safe and short as possible. He will try to keep our troop numbers down, keep them away from more risky operations and offer the hope that we can leave before Afghanistan as a whole is fixed, once we have trained up local forces in Uruzgan. The problem is that this will achieve none of our supposed objectives, either in the transformation of Afghanistan or the maintenance of our alliance. And it will still impose, on the families and friends of those who die, terrible costs.

# Australia

20 February 2009

CANBERRA TIMES

RICHARD MULGAN

## Government responsibility for bushfire tragedy

How much responsibility do governments have for the disastrous loss of life and property on Black Saturday, 7 February? The answer is unclear and likely to remain so. Too many human elements are involved, including the warped motives of arsonists and the uncoordinated actions of individual residents and property holders, to reach any definitive conclusions about who was responsible for what.

But some conclusions have become quickly apparent. First, the strong likelihood that a mega firestorm could result from such extreme climatic conditions was both predictable and actually predicted in the days leading up to the fires. If people were taken by surprise, the reason does not lie in the supposed, and comforting, unpredictability of nature but in a more worrying, and culpable, failure of human communication. Responsibility for

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this failure must lie, in large measure, with the public authorities tasked with informing their communities of imminent threats to life and property.

Second, whatever the rights and wrongs of fuel reduction in forests and around properties, the fact that governments have discouraged controlled burning and the removal of trees near houses must have contributed to the severity of the fires and to the loss of life. Here the responsibility lies with all levels of government, with the federal and state governments for the management of forests and with local governments for the regulations governing individual properties. These policies all require a difficult balance between competing values, including the protection of a green environment and the safety of those who choose to live in or near forests. But where that balance is struck is a political decision for which elected governments must take responsibility.

Now is not the time for blame, we are told. But if blame is put on hold, so too is responsibility and admission of failure. Our system of government requires our political leaders to take responsibility for the collective failures of the governments they lead. We do not expect them to take personal blame for everything that goes wrong, still less to have all the answers at their fingertips. But we have a right to hear them accept that the policies of their government have failed (as they clearly have), to express collective regret on the part of the governments they lead, and to promise future improvements. So far, however, there has been no clear admission of responsibility. We have been told that existing policies have served us well in the past and may need to be revised for the future. But what we need to hear is that existing policies actually failed us on Black Saturday. Official statements that effective plans were drawn up have an air of Sir Humphrey-like unreality. How can plans have been effective if they failed to work?

Premier Brumby's appointment of a royal commission to investigate all aspects of the fires is a necessary process in discovering the truth in all its complexity. But it should not be allowed to deflect all public discussion of policy or to shield ministers from legitimate questioning about what went wrong. If the commission is used to distance ministers from responsibility, it will deprive the public of their best chance of imposing the necessary

changes. Only if ministers own all aspects of the policy, including its spectacular failure this month, will their political opponents have incentives to exploit their vulnerability. Without effective political articulation as part of the cut and thrust of party politics, policy recommendations will simply gather dust until the next time the authorities are overwhelmed.

When single individuals suffer from major government incompetence—when a pregnant mother miscarries in a hospital toilet or an Australian citizen is wrongly deported—political oppositions and angry critics are all over the responsible ministers, who are then forced into implementing remedies. But when tragedies occur on a mass scale, the only legitimate public emotions seem to be compassion for those affected and admiration for those who come to their aid. Politics is muted as prime ministers and premiers lead the nation in mourning, as if they were solely spectators in a tragedy to which they have contributed.

By all means, communities should unite in common grief for those who have lost their lives and property and in gratitude to the outstanding efforts of emergency workers and other helpers. But we should not be asked to suppress all anger at the outcome or to blunt our immediate demand for answers. Unless public anger continues, albeit channelled by rational concern for expert evidence as it emerges, we will have failed both the past and the future.

March 2009

CANBERRA TIMES, PUBLIC SECTOR INFORMANT

RICHARD MULGAN

## Evidence-based policy

The notion of ‘evidence-based policy’ exerts a strong rhetorical pull. Who could possibly be against it? But in this case, why is it so rare? Why is evidence so often overlooked or left undiscovered? The alcopops tax and Fuel Watch spring obviously to mind, but the list is a long one. In a recent lecture (‘Evidence-based policy-making: What is it? How do we get it’), Gary Banks, Chairman of the Productivity Commission, gave an excellent analysis of the role of evidence in policymaking. Indeed, the Productivity Commission itself can be seen as the leading government agency for policy-related research, particularly since it blunted the harder ideological edge of its predecessor, the Industry Commission. Its chairman is therefore well placed to reflect on the use that governments make of research-based evidence.

Two general points emerge from the analysis. First, evidence can rarely provide conclusive answers to policy problems. Other factors will always be important in policymaking, including values and competing political interests. Decisions often need to be made on the run without time for careful research. Evidence itself is often incomplete and contested. Cost-benefit analysis, which underpins much of the commission’s work, often requires judgements about inherently intangible and subjective benefits. Banks certainly does not oversell the role that evidence can play.

Secondly, however, on occasions when sound research could help to inform a decision, governments often fail to take advantage of it. Sometimes the data are simply unavailable, and Banks makes a strong case for putting more resources into data collection. Sometimes governments prefer to seek input from consultants rather than from research institutes or academics.

Consultants are often better at cutting corners, sacrificing rigour in order to meet deadlines. Moreover, they are more likely to come up with conclusions that are congenial to the governments' chosen direction.

Reliable, objective evidence can only be provided by independent researchers who are willing to follow the data wherever they may lead. It is of most value to policymakers with open minds about which directions to take. By the same token, it can be threatening to policymakers whose minds are already made up. Much so-called 'evidence' is assembled after the event, to endorse decisions already taken—'policy-based evidence' rather than 'evidence-based policy'.

The demand for supporting evidence is fuelled by our secular, scientific world view. Members of other cultures seeking to clinch an argument often rely on a passage from a sacred text like the Bible or the Koran or use a quote from a revered leader. For modern Westerners, however, coherent argument and sound evidence trump all other methods of justification. Hence, policymakers are naturally drawn to methods of policy analysis based on these principles.

The so-called 'rational' model of policymaking, which figures in all standard public policy textbooks, assumes a sequence of logically ordered steps: identify the policy problem, define the relevant objectives, outline the possible policy options, compare the options in terms of their costs and benefits predicted on the basis of reliable evidence, make a decision, implement that decision.

However, as all standard public policy textbooks also go on to point out and Banks himself concedes, the rational model is very rarely observed in practice. 'Problems' are typically framed in terms of competing values and perspectives which cannot be conclusively settled by appeals to evidence. Similarly, objectives are usually multiple and conflicting, requiring trade-offs which, again, are matters of subjective choice not empirical discovery. Empirical evidence, while often relevant, is rarely conclusive, requiring decision-makers to back their hunches rather than hold out for definitive answers. Policymaking is more a matter of judgement in the handling of particular cases than the application of generalised, scientific knowledge.

Policies evolve in the process of being put into practice, thus negating any sharp distinction between a decision and its implementation .

Though the rational model is rarely reflected in actual practice, its terminology and assumptions still permeate the language of policy discussion. Policymaking may be a messy business of political negotiation and compromise but it needs to be formulated as if it followed rational processes. Public servants are still required to follow the model's stages in presenting advice to ministers, even though they often know that decisions have already been made and the supposed evidential backing is not the real determining reason.

Politicians, in their political dialogue with the public, still justify their decisions in terms of meeting agreed community objectives, such as economic growth or improved health outcomes, on the basis of supposedly sound evidence. Their dominant reasons may be more pragmatic and self-interested, to shore up electoral support or to pre-empt opposition attack. However, in our high-minded, and often hypocritical, political culture, these self-interested political motives dare not speak their name. Every political manoeuvre must be dressed up as a rationally based contribution to the public interest, backed by reliable-sounding evidence.

Other political players, too, need to join the same rational, evidence-based game. Advocates for special interests, such as farmers or doctors or academics, cannot argue publicly that their main reason for supporting particular policies is to enrich the members who pay their wages. Instead, they couch their argument in terms of benefits to the wider community. They produce statistical and other research-based evidence designed to show how a relatively modest outlay of taxpayer assistance will bring major long-term advantages for the community and why failure to act will lead to dire economic and social consequences.

That politicians conceal ruthless self-interest behind the mask of high-sounding concern for the public interest is hardly news, having been expertly nailed over 2,000 years ago by the Greek historian Thucydides. The current emphasis on evidence and research as the key to policy plausibility is merely the latest twist in the history of political rhetoric. It follows the massive

expansion of the social sciences, particularly economics, in the second half of the twentieth century. Social science graduates, with a sympathy for technical, technocratic approaches to policy, now dominate most areas of policymaking and control the conventions of policy argument. They have helped to disparage the legitimacy of openly political solutions based on bargaining and consensus between competing interests. Instead, the dominant discourse now favours theoretical generalisations about the public interest backed by empirical research.

The dominance of rational rhetoric creates a demand from powerful political interests for arguments and evidence that will back up their preferred policy standpoints. Major organised interest groups now allocate significant resources to their own research sections. Specialist consultants are in the market to provide relevant research. Think-tanks publish reports aimed at bolstering their own ideological positions.

In the United Kingdom, the Blair Labour government gave a new boost to the status of the rational approach by spruiking the merits of ‘evidence-based policy’. The fashion suited Blair’s ‘third way’ pose of avoiding the ideological extremes of both left and right in favour of ‘what works’ in practice. It has held similar appeal for Kevin Rudd and his ministers, wanting to transcend the crippling effects of the culture wars in areas such as education and indigenous policy. Nailing its colours to the ‘evidence-based policy’ mast suits the Rudd government’s image of technocratic reform. Behind the scenes, however, values clash, deals are done, and politics continues as usual.

That robust evidence is often overlooked, or never sought in the first place, should hardly surprise. In many cases, the appearance of evidence is more important than the reality. Yet, as always, hypocrisy is the homage that vice pays to virtue. Pseudo-evidence (or policy-based evidence) underlines our respect for policy that is genuinely informed by independent and objective evidence. We can still hope to pick up the real thing from time to time, even if the policy marketplace is awash with fakes.

29 April 2009

CANBERRA TIMES

HUGH WHITE

## Public opinion and the 2009 Defence White Paper

Defence works differently on the voter's mind than most other major aspects of government. Public opinion about health, education, welfare or law and order are to some degree at least based on direct experience by individuals or families of the services that the government provides: how long are the hospital waiting lists, how high is unemployment, how big are school classes?

Most of us have no comparable personal experience of the service that government delivers in return for the 2 per cent of gross domestic product (GDP) they spend for us on defence. Unless we happen to have been evacuated by the Australian Defence Force (ADF) from a regional trouble spot or caught up in a conflict somewhere where they have been engaged, we have no first hand knowledge of the work they do or how well they do it.

This has two important implications for the way defence policy works in our political system. First, it means that the public's opinion of defence issues is more heavily shaped by what the government says and how the media report it than what is actually delivered.

Contemporary views are also shaped by potent historic images of the ADF—Gallipoli, Kokoda and Long Tan. These images, however important they may be to our national self-image, have little to do with the practical business of developing and delivering defence capability today, but they frame attitudes to defence in a way that is easy to manipulate.

Second, it means that the kind of direct voter feedback that governments receive about the quality of their work in most policy areas is not available

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in defence. As long as governments have a good story to tell and can link that story to resonant historical images, they can get away with poor policy at little political cost. There is thus little political incentive to do defence policy well. That makes it hard not to do it badly.

Later this week or early next week Kevin Rudd will unveil his take on Australian defence policy when he releases the new Defence White Paper. The state of public opinion into which this document will be delivered has been interestingly mapped by two enterprises in recent weeks. Two weeks ago the government released the report of a public consultation program led by ex-Senator Stephen Loosley. Today ANU has released the latest in Professor Ian McAllister's *ANU poll* series, focusing this time specifically on defence issues.

Three of the key conclusions from the ANU poll are particularly interesting. First, the public seems to credit John Howard with a substantial increase in Australia's military capacity over the second half of his term as prime minister—the years after East Timor and the 2000 white paper. The proportions of Australians who believe that the ADF is stronger now than 10 years ago went up sharply after 2001 and has stayed high ever since.

Why should this be so? Since 2000 defence spending has increased steadily by 3 per cent per annum in real terms, and the ADF has deployed continually on high-profile operations in our region and beyond. Big plans have been announced for the future. But in terms of concrete additions to capability it is hard to see that the ADF is much more capable today than it was in 2000.

It is notable that Rudd and his defence minister Joel Fitzgibbon seem intent on denting Howard's crown on this issue. They have begun something of a campaign about the deficiencies of the current force and the need to remediate what they regard as the neglect of Howard and his ministers to make sure the ADF actually delivered the capability it had invested in.

Second, the public seems to think that defence spending has grown enough. For the first time in over 20 years, more Australians think the government should cut defence spending than increase it. That may in part reflect the public's recognition that tough fiscal times are ahead thanks to the

global economic crisis. But such a sharp dip in support for increased defence spending suggests that something more is in the air.

Whatever the cause, this is probably good news for Rudd. He has repeatedly committed to sustain Howard's long-term trajectory of defence-spending increases, but it seems almost certain that the forthcoming budget will at least slow the rate of defence spending growth over the next few years. Moreover, if the recession turns out to be prolonged, the fiscal pressure to cut defence spending may become irresistible, especially once the economy starts to recover and the government's priorities move from stimulating the economy to getting out of deficit. That is traditionally when recessions hit defence budgets hardest.

Thirdly, the ANU poll shows a fascinating set of attitudes towards the conflict in Afghanistan. Over half of those polled approve of our involvement in the war in Afghanistan, but 69 per cent believe we are not winning the war. That suggests a significant number of us think we should be there even if we are not winning.

The explanation can perhaps be found in the responses to questions about the US alliance, which show that Australians' regard for the alliance has recovered from the dent made by George W. Bush. The proportions who think it is very important to Australia have gone up sharply since 2007, and confidence that the US would come to our aid if we are attacked has risen too.

This may suggest that Australians understand the implicit linkage between Afghanistan and the US alliance. Though Kevin Rudd says the threat of terrorism is the key reason for our involvement in Afghanistan, it has much more to do with sustaining our reputation in Washington as a good ally.

This too is good news for Rudd, suggesting that there will be a degree of acceptance if, as seems almost certain, he decides to send more troops to support Barack Obama's surge. But the poll contains a warning, too: the slim majority who support the war is balanced by a large minority who oppose it. More casualties could easily turn the balance of opinion around.

14 May 2009

INSIDE STORY

SUSAN HARRIS RIMMER

## Grand plans

Two new reports show that although the Rudd government is tackling some of the most difficult areas of social policy we may need to borrow fresh thinking from our New Zealand neighbours. On 29 April the prime minister launched *Time for Action*, the report of the National Council to Reduce Violence against Women and their Children. The federal government will take this report to the Council of Australian Governments (COAG), and turn it into a government plan by 2010. Then, on 1 May, the prime minister launched the COAG report *Protecting Children is Everyone's Business*. These reports join *The Road Home: A National Approach to Reducing Homelessness* as part of a social policy reform agenda, with a disability strategy on the way.

We know there is a strong link between these three issues—domestic violence, child abuse and homelessness—and the reports acknowledge it. Reading them side by side, what is striking is the fact that it's in the overlapping area between these issues that the government response seems likely to be weakest. Both of the new reports acknowledge that indigenous women and children are being failed in devastating ways by the current system. Yet there seems to be a lack of strength in the response, reflecting a government struggling with the intersection of race and gender. Although the reports were launched by Kevin Rudd, this weakness partly reflects the fact that of the two responsible ministers, Jenny Macklin and Tanya Plibersek, only one—Macklin—is in cabinet and able to influence the policy process more directly. The Minister for Housing and Women is not a cabinet post and, frankly, it should be.

These are landmark reports, yet they have not attracted the coverage they

deserve. Perhaps this is because they make for such uncomfortable reading. Or perhaps it is the fact that Australians can still not focus on the lives of women and children or vulnerable families in the same way that we pay attention to swine flu, boat arrivals or terrorist threats.

They provide the figures that should be making headlines. *Time for Action* states that one in three Australian women will report being a victim of physical violence and almost one in five will report being a victim of sexual violence during their lifetime, according to Australian Bureau of Statistics figures. Approximately 350,000 women experience physical violence and 125,000 women experience sexual violence each year. And violence against women comes at an enormous economic cost, A\$13.6 billion a year, although it is mostly preventable.

According to *Protecting Children*, 55,120 cases of child abuse and neglect were substantiated by child protection services in 2007–08. The rate has more than doubled over the past 10 years. Indigenous children are six times more likely to be the subject of abuse or neglect than other children (although ‘neglect’ in this context is contested). It is also clear that removing children is not always in the best long-term interests of the child, with children in out-of-home care experiencing significantly poorer long-term outcomes. Despite this, the numbers of children removed from their parents more than doubled over the past decade. On 30 June 2008 there were 31,166 young people in out-of-home care.

In New South Wales alone, one in five children will be reported to statutory child protection services by the time they are 18. No public administration system, no matter how well funded, can cope with such numbers. Morgan Disney’s 2006 report on the transition from care revealed the huge cost to government and the community—an estimated A\$2 billion a year—of young adults coming out of foster care with poorer prospects for housing, mental health, employment, education, criminal justice and more.

Twenty years after Brian Burdekin’s report for the Human Rights Commission, *Our Homeless Children*, our policy responses on homelessness, violence and state care should have made more progress. The facts in 2008 remain unchanged: a substantial number of children and young people

become homeless while still under state guardianship. In other words, coming into care, or attempting to have a child committed to care, creates a clear path to homelessness. In a 2007 radio interview, Burdekin reiterated that state care is the single predictive factor of homelessness. This is unsustainable both in economic and in human terms.

The problems both national plans tackle are therefore ‘wicked’ in scale and complexity. The good news is that there are lots of good ideas and resourcing in the plans. *Protecting Children* comes with an extra A\$61.6 million over four years in Commonwealth funding. Commonwealth agencies such as Centrelink and Medicare are brought into information-sharing arrangements with the states and territories. The report’s framework promises that children in foster homes will receive a better basic standard of care and that child-protection workers will get more training to combat child abuse and neglect. The much-longed-for National Children’s Commissioner seems close to reality at last.

*Time for Action* sets clear targets and reads like a sensible, energetic way to make real progress against domestic violence, based on a commitment to the human rights and equality of women. There is A\$12.5 million for a new 24-hour domestic violence and sexual assault telephone and online crisis service, A\$26 million for ‘respectful relationships’ programs for schools, and A\$17 million for social marketing focused on changing attitudes and behaviours that contribute to violence. The plan sets out a national scheme for registering domestic and family violence orders, allowing enforcement across state and territory borders. The Australian Law Reform Commission is given a reference to look at reform in the area, which is sorely needed. *Time for Action* also takes special note of the role of alcohol. In 2007 the Australian National Council on Drugs reported that 13 per cent of children—over 230,000 individuals—live in households where they are at risk of exposure to at least one adult binge drinker.

What neither plan does well enough is address the current flaws in the system of child removal and the nexus with domestic violence. All the incentives encourage child protection workers to avoid those terrible cases of death and neglect that make the headlines. But the system provides very

little natural justice for anyone wishing to challenge a removal, and removals are increasingly in force until the child turns 18. It is very much an all-or-nothing system, with all the legal weight on the side of the department; the removal of a child often happens very quickly with very little notice or discussion with the parent. The best interests of the child are meant to be the paramount consideration, but this is very often interpreted in a very thin and short-term manner.

Authorities can and do get it wrong—especially those authorities that are in the business of ‘protection’. When the consequence of a wrong decision is removal of a baby until age 18, then a measure of natural justice is clearly necessary. Recently, in a 2008 judgment in the NSW Supreme Court, Justice Palmer referred to the NSW Department of Community Services’ ‘intransigent refusal to acknowledge a mistake, regardless of the consequences to the children’ in a case where children were removed on the basis of the parents’ recreational cannabis use. The Palmer and Comrie reports into the Department of Immigration show that public administration in such difficult areas functions best with more rather than less accountability and transparency, which then builds public confidence in the law.

The other challenge for both plans is to strengthen the actions to protect indigenous women and children on the basis of their rights and full citizenship. ‘Healing centres’ in remote areas, providing indigenous perpetrators with culturally appropriate counselling, are a good idea, but not at the expense of justice available to other Australian women. The focus must be on access to justice and providing a broader range of choices to women, wherever they live in Australia, whatever their race. In fact, it may be the current moves to reform the legal profession and improve access to justice that have the most impact, including calls to provide incentives for lawyers to practice in rural and regional areas, and better funding and conditions for Aboriginal and Torres Strait Islander legal centres.

Both reports also fail to squarely address a very real failing of the current system. After a woman reports domestic violence to police, or asks social services for help, her children can be removed. Once that happens, the woman often loses the right to public housing. Women tell of their reluctance

to report violence due to the automatic trigger to child protection services. As *Time for Action* acknowledges, in some cases child protection authorities tell women that unless they leave a violent relationship and apply for an apprehended violence order their children will be removed.

This no-win cycle continues when parents are ineligible to stay in government accommodation because they no longer have the children. Some parents report being required to give up housing in order to attend a residential drug program. It is nearly impossible to get back into housing without your children: Housing says, ‘You don’t have your kids, you’re not eligible,’ and Child Protection says, ‘You can’t get your kids till you have suitable housing.’ In one NSW case a woman with three children, aged 11, 8 and 4, living in a two bedroom government unit had her 11 year old daughter removed. After 18 months the child was returned on the basis that she would have a room of her own, but Housing was unable to provide suitable accommodation. The mother was told that if she put the four-year old and the eight-year old in her own bedroom, leaving the second bedroom for the 11-year old, she could have her daughter back. The mother complied with this request.

Women therefore often face difficult choices. ‘The government’—in the form of police, schools, women’s support services and other agencies—must make automatic notifications, and this creates a monolithic source of risk and threat rather than refuge. The instruments in our tool kit are too blunt, and we need to consider more creative ideas and acknowledge true community responsibility for the safety of women and children.

The answer to this dilemma may lie within the reports, but it can be made clearer. *The Road Home* aimed to help women and children who experience domestic violence to stay safely in the family home to prevent homelessness. *Protecting Children* states that Australian governments ‘will expand models of integrated support to enable women and children experiencing domestic and family violence to remain at home safely’. Part of this expansion must include new policies so that women reporting violence do not risk losing their children. This is the point of the triangle which is not yet joined up.

Tasmania and New Zealand could offer us some innovative and cost

saving ways forward. The Tasmanian Department of Justice runs a program called Safe at Home, based around the *Family Violence Act 2004*. Section 3 states that ‘in the administration of this Act, the safety, psychological wellbeing and interests of people affected by family violence are the paramount considerations’. This translates to a pro-arrest policy by police on first contact with a domestic violence situation. The review of the policy in 2008 reveals some real promise but, again, the concern was the 30 per cent increase in notifications to child protection authorities.

For almost two decades New Zealand has made working with families and extended family members a core principle in their legislation, policy and procedures for dealing with child safety. Family group conferences, based partly on Maori practices, provide families with a greater say in resolving both child protection and juvenile justice matters. When a notification is made to child protection services and the social worker has formed a belief that the child is in need of care and protection, a mandatory family group conference begins a process in which families are offered support to explore the option of caring for the child within the biological or extended family. It’s estimated that more than 50,000 conferences had been convened since 1989, reflecting the central role they play in New Zealand’s child protection system.

The national action plans are full of good ideas, and both promote research to investigate even more good ideas. What we need now is some coordinated political clout. Getting the Minister for Women and Housing into cabinet to complete the points of the triangle might be the single most important step to achieving these plans. We need to always foreground the complex linkages between the areas of family violence, child protection, alcohol abuse and homelessness. This does not fit into a headline, but it is the big news of 2009.

4 June 2009

INSIDE STORY

ROBIN JEFFREY

## Australia and India: the good, the bad and the Section 420s

Just when you think you're on the brink of something good, bad things happen. In this case, young thugs and goons who come out at night to rob and terrify for fun and profit have stumbled across new targets: students and workers from India and other South Asian countries. They work late, have nice electronic gear and (the thinking might go) they are poorly equipped to complain. (Ever had your pocket picked in another country? Did you know what to do?)

For as long as India has been independent, Australians with an eye to Australia's long-term interests have sought to put 'substance' into the Australia–India relationship. In the past three or four years, such 'substance' seemed to be arriving in the form of wider and deeper human connections, driven mightily (though not entirely) by the 100,000 students from India and its neighbours now studying here.

The robberies and assaults undermine these developments and have taken on a nasty life of their own. They make tasty morsels for a vast, 200-channel Indian television industry, hungry for stories. The attacks have also become a top story in India's vast newspaper industry, which sells 90 million copies a day in a dozen languages.

Media ping-pong is a great game: Australian outlets pick up Indian stories, which bring out wackier voices in Australian public life, which in turn generate equally wacky Indian replies. And all of this increases the possibility of copycat crimes.

Why should these attacks and their handling be of very, very serious concern to Australians who look to the future of this country? Why should far-sighted Australians want a relationship with India that has more ‘substance’? The answer is enlightened self-interest.

Australia is a population pimple on the Asia–Pacific elephant. It needs friends with genuine common interests. Since the days of Ben Chifley and Jawaharlal Nehru, wise folk in both countries have seen that Australians and Indians have unique things in common and can work with each other as few countries can.

Only last week, for example, Australia’s best known election analyst, Malcolm Mackerras, celebrated the fact that the Indian political system has overcome a deficiency attributed to the Westminster model of government. Manmohan Singh, India’s respected prime minister, sits in the upper house of parliament. The fact that that house is indirectly elected—by members of state legislatures—means that India can do something usually associated with the presidential systems inspired by the United States: it can bring into government outstanding people from other walks of life who would not fight and could not win a down-and-dirty election. India also has election procedures—especially its electronic voting machines—which should be the envy of electoral democracies everywhere. On the Australian side, we run things like schools, universities, museums, sporting bodies and a host of other institutions from whose practices and experience India can profit.

In a week when the world remembers—and the Chinese Communist Party encourages everyone to forget—the twentieth anniversary of the Tiananmen massacres, it’s worth recalling that India staged a different political drama in 1989. Rajiv Gandhi’s Congress government, which held a record majority of more than 400 seats in a 545-seat house, called general elections, was defeated and surrendered office without complaint.

Such common conventions of government, reinforced by India’s most recent elections, together with rapidly growing trade, give us a framework on which much should be built. Until now, this skeleton has lacked daily, material connections. One hundred thousand students now provide the potential for those flesh-and-blood links. The commercial opportunities

they discover, the holidays their parents take, the friendships and marriages they make and their general toing and froing bring Australia and India into concrete relationships that benefit both countries.

There is also language. About 5 per cent of Indians use English extensively—that's 60 million people or roughly three Australias. It is a substantial base on which to build relationships, a far more extensive head start than Australia has in other Asian, European or Latin American countries. The potential to partner India in global cultural industries is immense. And India's global credentials—three Booker prizes to Indian authors in the past 11 years and an Academy Award—are substantial.

What does this elusive 'substance' mean in international relations? And why is the recent growth of the Indian student population so important for providing it? Substance means diverse and deep interests. It means trade—and not merely volume but diversity. It means communications—constant, extensive exchange of ideas and people. It means some common values and expectations—like regular elections and free (and therefore sometimes wacky) media. And it means a broadly shared view of international interests.

In the past, far-sighted members of Australia's foreign affairs elite sought to enhance the relationship with India because they saw the advantages. But personal equations often got in the way. Robert Menzies and Jawaharlal Nehru talked past each other. To Nehru, Menzies was a second-rank imperialist whose small talk turned too often to cricket; to Menzies, Nehru was an underminer of the British Empire who'd had the Cambridge education that one suspects Menzies craved. Mrs Gandhi was prickly; Morarji Desai was stiff and of another era. Only with the arrival of Bob Hawke and Rajiv Gandhi did promising personal chemistry enter the equation, but that ended with Rajiv's defeat in 1989 and murder in 1991, the same year Hawke gave way to Keating.

Even in the Menzies era, far-seeing Australian public servants like Sir Walter Crocker—twice high commissioner to India, who died at 100 in 2002—had a vision and fascination that enabled him to write a fine biography of Nehru. Crocker's *Nehru: A Contemporary Estimate*, first published in 1966, was republished last year at the instigation of a Crocker admirer,

the distinguished Indian scholar Ramachandra Guha. The book sold well enough to be reprinted a few months ago.

On the other side, India's high commissioner to Australia from 1953–56, General K. M. 'Kipper' Cariappa, the first Indian to command the Indian army, made himself feistily at home in Australian public life. According to historian David Walker, Cariappa was able to 'expound the Upanishads and execute a perfect fox trot' with equal ease—and simultaneously. Walker tells us that on one legendary occasion in Gundagai, 'Cariappa and his Sikh driver found the local war memorial neglected and overgrown with weeds. These two spectacular figures got to work with spades and hoses and soon had the memorial looking ship-shape.' Cariappa reminded townspeople, who came to see what was going on, about the need to respect the war dead. He had fought in the Middle East and Burma, on the same side as Australians.

In Cariappa's time and until the 1990s, however, economic and global forces made Australia and India look in different directions. India's economy grew like a snail in a strait-jacket, and its foreign policy outlook was northwest, towards the Soviet Union, Europe and North America. Australia tended to value its US alliance above all else.

Since the 1990s, India's liberalising, fast-growing economy has brought large benefits for Australia. India has been the fastest growing destination for Australian exports since 2001, ranking sixth among trading partners in 2007–08.

We share intense environmental problems. A shortage of water plagues us both; we both need and consume vast quantities of energy. Australia has the capacity to fuel India. India has the capacity to show Australia how to be economical. (Watch a village woman cook a meal, if you seek models on which to base mindsets about careful use of resources.)

A rich, interactive relationship with a country of 1,140 million people (60 Australias) growing at 6 per cent in the recession year of 2008–09 is worth having. The current crop of Indian students forge links that will make trade diversify and grow.

The presence of those students promises to provide the 'substance' that has eluded the Australia–India relationship. The number of Indian students

has grown by 40 per cent a year since 2002. Today, if there are 100,000 Indian students studying in Australia, their fees and living expenditure are worth about A\$3.5 billion a year.

To minimise further harm to students and to the India–Australia relationship, a number of things need to happen. Educational institutions need to identify the best support systems for their international students and ensure such systems are universally applied. We know there are good and bad operators: the best need to be imitated; the worst need to be shamed and made to improve.

Part of the problem lies in the fact that Australian higher education has been inadequately funded for 15 years. Large class sizes, shortage of accommodation and the need of cash-strapped institutions to trawl for fee-paying students reduce their ability to provide the tender loving care that an *alma mater* (literally, a bounteous mother) should. The trawling, too, means that students from small towns, less familiar with big cities and foreign ways, are increasingly among the cohort of international students. They need more support, not less; but less is what's available.

More effective help to find suitable accommodation and more campus-based accommodation are two ways to improve conditions. Visa rules also need to be examined. International students are allowed to work for a fixed number of hours each week, but their visa conditions usually require them to be enrolled full time in a course too. So you study 40 hours a week and do paid work for another 20 hours, which is usually at night because classes are in the daytime. (You need, remember, to have A\$30–40,000 a year to pay your fees and your bills.) And you don't want to tangle with 'authorities' in case they decide you have violated your visa conditions. To ease some of these pressures, it might make sense to allow part-time enrolments.

At deeper, longer-term levels, more Australians need to get a grasp of India. It is not easy to learn about India and its neighbours in an Australian educational institution today. The recently inaugurated A\$62 million National Asian Languages and Studies in Schools Program explicitly *excludes* study of India. Only those wanting to study China, Indonesia, Japan and Korea may apply. Twenty years ago you might have found 15 universities that could

help you if you wanted to study India in Australia.; today you'll be lucky to find three. No wonder officials and spokespeople seem ill at ease in trying to talk about the problems of students from South Asia. There aren't enough people in Australian public life who know Kannada from Canada.

The attacks on students reinforce stereotypes. Indians get described as poor, peaceful and nonconfrontational, living in crowded conditions, likely to bring down house prices and push up air, water and energy consumption. Australians, on the other hand, get branded as loud-mouthed, bullying, racist braggarts. Stereotypes are substitutes for knowledge, but they will get belloped with abandon unless quick, clever and enduring steps are taken to make the night safe and punish goons and thugs.

You might have noticed an irony in the terms: goons and thugs. Good Indian words enriching English: goondahs—bad characters, hired toughs; thugs—the bandits who strangled their victims with a deftly twirled handkerchief. In India these days, the same sort of people might be known as 'Char Sau Biis'—420s, after Section 420 of the criminal code which deals with nasty known offenders.

Another thing to remember is this. When you mess with India, you mess with people who have the professional and financial capacity to pursue you relentlessly through law courts and international forums. India exports outstanding lawyers, financiers and IT professionals. Two of the world's top ten billionaires are Indians, according to the *Forbes* list. There are no Chinese in the top ten. Or Australians. You want to be friends of India, not antagonists.

The India–Australia relationship is on the cusp of something good, deep, long-standing and mutually beneficial—genuine 'substance'. We must not let Australia's Section 420s wreck the chance.

1 July 2009

AUSTRALIAN LITERARY REVIEW

HUGH WHITE

## Defence White Paper 2009

Since the beginning, Australia's security has depended on the domination of the western Pacific by Anglo-Saxon maritime power. Almost continuously since 1788, Britain and America have successively exercised command of the oceans around this continent. Our darkest moments have been those when our ally's maritime primacy was most under threat, and our best times have been those when it has been most assured.

The last 40 years have been very good indeed for Australia. Since Nixon went to China in 1972, American primacy in Asia has been uncontested, and that has assured Australians that East Asia would be spared large wars and that we would not face serious threats alone. But precisely because American primacy in Asia has been so fundamental, we take it for granted. It is easy to forget how important America is in shaping our region and assuring our security. Despite our talk of independent middle-power diplomacy and self-reliant defence, Australia's international position today depends as much on American power as it ever has.

The most important question for Australian defence policy must therefore always be: how long can this last? The answer is largely a matter of economics. Strategic power—and especially *maritime* power—is ultimately based in economic power, and maritime primacy of the Anglo-Saxons in Asia is no exception. Britain and America have successively dominated the oceans around Australia because they have successively been the richest country in the world. And maritime primacy shifted from Britain to America soon after America's economy outstripped Britain's in the 1880s. So it is a fair bet that American maritime primacy in the western Pacific will last as

long as the US remains the richest economy in the world, and not much longer.

That is why the most important sentence in the Rudd government's 2009 Defence White Paper is about economics. You can find it on the Department of Defence website (<http://www.defence.gov.au/whitepaper/>). Download the white paper, scroll to page 34, and look at paragraph 4.23. 'By some measures China has the potential to overtake the United States as the world's largest economy around 2020.' This is a remarkable prediction, and it comes straight from Rudd himself: he used very similar words in a speech last September. It might turn out to be wrong, but don't bet on that. On recent trends it is quite possible that in terms of purchasing power—the most relevant measure—China's economy will indeed overtake America's to become the largest in the world by 2020. And if not by 2020, then very probably by 2030, which is soon enough, and well within Australia's defence planning horizon.

Let's be clear: according to the white paper, America will cease to be the richest economy in the world well within Australia's defence planning time-frames. The white paper is clear about the strategic implications of this economic power shift. Paragraph 4.13 says '...by 2030, any changes in economic power will affect the distribution of strategic power'. Paragraph 4.19 says, 'As other powers rise, and the primacy of the United States is increasingly tested, power relations will inevitably change.' Paragraph 3.18 puts it most starkly of all:

In circumstances where a global transformation in economic power and commensurate redistribution of strategic power continued to the point where its cumulative effect required us to alter our assumptions about the weight and reach of US strategic primacy, the planning assumptions underpinning this White Paper would require fundamental reassessment.

The prose is inelegant, but the meaning is plain enough. Taken together these statements seem clearly to say that Australia's strategic circumstances face seismic change, and our defence policy requires fundamental reassessment as a result. The question then becomes, when? If economic primacy is set to pass to China as early as 2020, then the consequent strategic revolution will not be far behind. This suggests that Australia should start planning now to

build the forces it might need if and when US primacy fades. This message is reinforced by suggestions that we cannot expect sufficient warning of major changes to build major new forces.

But this is not the white paper's only message. In other places it sounds a much more optimistic—even complacent—note. Several passages breezily assert that American power will endure far into the future. Paragraph 4.14 says, 'The United States will remain the most powerful and influential strategic actor over the period to 2030—politically, economically and militarily.' Paragraph 4.17 says, 'It remains the case that no other power will have the military, economic or strategic capacity to challenge US global primacy over the period covered by the White Paper.' And paragraph 3.17, while noting that 'a transformation of major power relations in the Asia-Pacific region would have a profound effect on our strategic circumstances', dismisses this as 'currently unlikely'. Some of these statements seem directly to contradict those quoted earlier.

There is only one place in which the white paper attempts to reconcile its assessment that China's economy will grow larger than America's with its judgement that strategic power will stay with the US. It is the sentence immediately following the prediction that China may overtake the US economically around 2020. 'However,' it says, 'economic strength is also a function of trade, aid and financial flows, and by those market-exchange based measures, the US economy is likely to remain paramount.' This seems to say that America's trade, aid and financial positions are so strong that they will preserve American economic and strategic primacy even as China overtakes it in sheer output. But the opposite is true. America's huge trade deficit and debts to China amplify rather than neutralise the economic and strategic power shift between them. And no one thinks America uses its aid more artfully than China to maximise strategic influence.

The new white paper's conflicting messages about the most important question in Australian defence policy are a little unsettling. They seem to reflect a deep ambivalence within the government about Australia's place in the world and how it is evolving. On the one hand, the white paper is commendably forthright in describing the long-term strategic challenges

Australia faces in the Asian century. On the other, it seems reluctant to address their implications for Australia's defence policy, at least for the next decade or so. In fact the new white paper delivers a very conservative policy which essentially replicates John Howard's defence plans for the next decade. The eye-catching initiatives—doubling the number of submarines and nearly quadrupling the number of big warships—lie safely beyond today's political and fiscal horizons. They will cost little until after 2020 and deliver little before 2030. Indeed on the most probable schedule, Rudd's target of 12 submarines would only be reached in the mid 2040s—some 25 years after the white paper predicts that China might overtake America economically.

Do we have that long? Surely not. Think how quickly the balance between the US and China has shifted since 2000, when America's power seemed so unlimited and unchallengeable. There is little reason to expect that this process will slow, and indeed the long-term implications of the current economic crisis mean it is more likely to accelerate. So given that defence planning takes so long, the time to think about what Asia's power shift means for Australia's defence needs is now, not in two or three decades' time. It is a big task, because a world without American economic and strategic primacy would be very different indeed for Australia, and it takes some imagination to grasp what it might mean. In fact many of us find it impossible to believe that it could happen: after 130 years, American primacy seems the natural and unchangeable order.

In the grand sweep of history, however, 130 years is not a long time. Viewed in a longer perspective, China's rise looks more like the restoration of the natural order than a departure from it. China's was the largest economy in the world for centuries until about 1820. Britain overtook it because the industrial revolution increased each worker's output so much that 10 million Britons could suddenly produce more than 100 million Chinese. America overtook Britain in the 1880s because it applied the same productivity magic to a much bigger population, and it has remained the richest country in the world ever since simply because it has remained the most populous country to have done so. Now China is reaping the productivity gains of the industrial revolution from a much larger workforce still. It was perhaps always only a

matter of time before the weight of China's population came back into play, and the time has apparently come. Very fast, in only 30 years, China has applied the ideas that made the West rich and strong, and is growing richer and stronger itself. And 20 years after Tiananmen, there is no sign that China's failure to embrace the constitutional principles of liberal democracy will get in the way.

This raises a host of big questions for Australia, many of them quite different from any we have faced before. Should we support American efforts to maintain primacy against ever greater odds as China's power grows, or urge Washington to concede gracefully and share power with Beijing? Should Australia build up its own armed forces as American power declines, or rely for our security on diplomacy and international goodwill? If we decide to arm ourselves, how could it best be done and how much would it cost? Is it even possible for Australia to stand alone if US power fades, or should we look for a new great and powerful friend—maybe China itself? These are the hard and important questions that the new white paper dodged.

Many are tempted to reduce these questions to a single issue—is China a threat? It is easy to assume that as America's power fades the threat from China grows, but China's rise and America's decline are not two sides of the same coin. China, as it grows stronger, will not simply change places with America as Asia's unchallenged hegemon. America will remain immensely strong and probably deeply engaged, and Japan and India will also shape Asia's future. Other scenarios are therefore much more likely: sustained strategic competition between the US and China or between China and Japan, or a concert between the US, China, Japan and perhaps India in which power is shared. In any of these scenarios Australia's strategic risks would be greater, but not necessarily because of any direct threat from China.

In fact the most questions we face at the start of the Asian century are not about others, but about ourselves and the kind of country we want to be. Australia has traditionally thought of itself as a middle power. That is certainly Kevin Rudd's vision. But what do we mean by this? A middle power is a country that can influence the international system to enhance its

security and protect its interests through different instruments—economic, diplomatic and military. Throughout our history Australia has led a charmed life in which our international environment has been shaped for us by great and powerful friends. That is as true of defence as it is of any other area of policy. Only in a region dominated by America does Australia's claim to be able to defend our continent and protect our interests have any credibility.

That means Australians have never seriously considered what would be involved in building armed forces that would provide Australia with the strategic weight of a genuinely independent middle power. The eclipse of American primacy may finally make that question inescapable. How would we answer it? I think it may be possible for Australia to build and maintain such forces, but it would be hard and costly. It would require a much more rigorous approach to deciding what we want our armed forces to be able to do, and what forces we would need to do it. It would require a very different kind of defence organisation to deliver it. Above all, it would need to start by moving past the evasions and equivocations of the 2009 Defence White Paper to frankly acknowledge to ourselves that the era of Anglo-Saxon primacy in Asia may be drawing rapidly to its close.

# Bangladesh

9 July 2009

SOUTH ASIA MASALA

BINA D'COSTA

## 'Frozen in time'? The war crimes trial in Bangladesh

The Pakistani newspaper *Dawn* reported on 14 May 2009 that Pakistan's Foreign Office 'rejected Bangladesh's demand for an apology over the *alleged* [emphasis added] 1971 atrocities'. The official response was that Bangladesh should not be 'frozen in time' but rather move ahead. Pakistan advised that Bangladesh should 'let bygones be bygones' and hoped that relations between the two countries would not become hostage to the past.

The most recent tension arose from the Bangladesh parliament's adoption of a resolution in early 2009 to try the alleged war criminals under the International Crimes (Tribunals) Act 1973 (adopted on 3 December, UN Resolution 3074). The United Nations has also announced that it would assist Bangladesh in designing and setting up a war crimes tribunal.

Pakistan attracted global condemnation because of its brutal army

crackdown in 1971 in East Pakistan (now Bangladesh)—an event that resulted in mass atrocities and genocide. Estimates vary, but the widely accepted figure is that between one to three million people perished during the nine months of conflict, and a further eight to ten million were forced to leave their homeland. Also, 200,000 women were victims of rape and sexual violence, with 25,000 rapes resulting in forced impregnation. In addition, at least 30,000 Biharis and West Pakistanis were killed as a result of the conflict.

### **Why now?**

India and Pakistan signed the Simla Pact in 1972. There followed a series of meetings with Pakistan and Bangladesh, in which India agreed to return the 93,000 prisoners of war (POWs) to Pakistan. As a consequence of intense diplomatic negotiations around these meetings, Bangladesh's new leaders agreed in 1974 not to prosecute the POWs, except for 195 prisoners who were accused of war crimes, crimes against humanity and genocide.

Three important factors contributed to the rise of the current justice-seeking movement. First, following the declaration of a state of emergency by the caretaker government and the military 'takeover' behind the scenes in 2007, civil society groups intensified their demands for the trial of alleged war criminals. The groups assessed that the interim military-backed government would be more sympathetic to the movement.

Secondly, the normative values attached to the voter awareness campaigns by various agencies and civil society in 2008 focused heavily on democratisation and justice mechanisms. This contributed to the pledge by the now governing Awami League to address the war crimes issue should they be returned to power.

Finally, important factions of the armed forces, led by the Chief-of-Staff, General Moeen U. Ahmed, supported the move to proceed with the war crimes trial. It was reported in the media that he approached the US and Pakistan to provide crucial documents to support the trial.

### **The Pakistan-Bangladesh Relationship**

Pakistan is watching this recent move in Bangladesh cautiously. Bangladesh

has raised the question of individual and collective accountability of the Pakistani state in both formal and informal meetings. It has stated that it is imperative for Pakistan to apologise for the genocide and mass atrocities of 1971, share assets and also repatriate the Biharis, who still remain in various camps in Bangladesh. Pakistan argues that this matter stands resolved under the 9 April 1974 tripartite agreement, under which Pakistan had stated ‘regrets’ but did not offer any formal apology. Some human rights and women’s rights groups from Pakistan on various occasions have offered public apologies.

Pakistan refuses to offer a formal apology, even as a symbolic gesture. For Pakistan this is a past ‘distraction’ during a time when it is facing insurmountable internal problems and is on the verge of a state ‘failure’.

It could, however, be argued that the Pakistani political and military elite’s continued denials of grave injustices committed against its own citizens in the ‘recent past’ entrenched deep injustice as a legacy that is now intrinsic in its political culture of inequality and inequity. This legacy is reflected in Balochistan and Sind; in widespread militarisation of society; and in gradual extremism that generated a devastating impact on the everyday lives of ordinary people of Pakistan.

While the trauma of 1971 evokes profound emotions, Bangladesh must also be sensitive to these internal turmoils in Pakistan and especially to the traumatic experiences of ordinary citizens and displaced populations in Pakistan. Establishing a civil society network that reaches across the bitter historical divide and promotes strategic dialogue about how meaningfully to deal with the past would be one crucial step towards reconciliation and healing for both sides.

## **The Future**

There are, of course, some serious challenges ahead. Some of these are briefly noted here, along with opportunities for future reconciliation.

First, the Bangladesh government and the civil society must respond to the domestic opposition, which argues that the justice-seeking movement and consequent official actions are counterproductive. The government

should especially respond to the claim that the demands for justice are a political stunt to shift attention from important issues such as the economic slump and price hikes.

Secondly, the time gap between when the war crimes took place and the proposed establishment of a civil and temporary tribunal have given the defendants time to destroy crucial evidence.

Thirdly, some of the most daunting challenges are logistical. If the war crimes trial is to succeed, an enquiry commission must be formed to investigate, gather evidence, and identify and recommend the arrest of some of the most senior and infamous war criminals in the first instance. The proposed commission must also consider the possibilities of a simultaneous truth and reconciliation commission (TRC).

Finally, the finances of the proposed trial must be sorted out. The media has reported that following the demand of the Law Ministry, the Bangladesh Cabinet has approved 10 crore taka (approximately US\$1.5 million) for this trial. This budget is not going to satisfactorily cover the costs relating even to the domestic judicial process.

The current political environment in favour of a trial may not reoccur and if the trial does not succeed there will be significant justice fatigue that would obstruct any possible future processes. It is important to ensure that the ordinary people who experienced violence during the war have meaningful access and are encouraged to participate in the proposed commissions and trial. If these justice processes are considered to be elite or middle-class-based initiatives, then the expected impact of the trial would be seriously undermined, its legitimacy challenged, and people would feel cut off from the entire initiative. The success of the proposed trial of alleged war criminals will be measured by its ability to create a legacy for future generations, not only in Bangladesh but also for the global justice agenda.

# Burma

8 June 2009

EAST ASIA FORUM

TREVOR WILSON

## Aung San Suu Kyi and the generals

The world has been understandably outraged by the ridiculous farce of the Burmese military regime's trial of opposition leader Daw Aung San Suu Kyi for breaching the 'rules' of her own (illegal) detention.

So obsessed are Burma's top generals with Aung San Suu Kyi that they fail to see that they could neutralise much criticism by allowing her a genuine degree of personal freedom, even if they continued to restrict her participation in Burma's political future. As the length of her unjustified detention grows, hostility towards their cruel and ruthless suppression of Suu Kyi increases, from inside as well as from outside the country.

Unprecedented gestures such as allowing diplomats or journalists access to the trial were minor concessions that did not divert the regime from their ultimate goal of keeping her in detention, but also did not divert Suu Kyi's supporters from coming out to support her, albeit in small numbers thanks

to the regime's well-prepared security against protests.

The generals must have welcomed the foolish breach of her detention by the American 'do-gooder' John Yettaw as a golden opportunity to extend her detention, but they absolutely failed to understand how much this also draws attention to their outrageous mistreatment of her.

Even their ASEAN colleagues are (thankfully) appalled, although some ASEAN countries who share their lack of tolerance of political opposition could be accused of double standards. The absolute bankruptcy of Burma's military leaders' position is exposed when they claim that any dissent from their rule threatens national security. Public protests against the regime, including the mass street marches of 2007, are most notable for being unarmed, peaceful and legitimate exercises of basic political rights.

Meanwhile, Burma's military leaders continue to delay finalising arrangements for Burma's 2010 elections, perhaps because they cannot make up their minds about the details of these arrangements, among which is the issue of international observers.

At the end of the day, Burma's elections must include Suu Kyi's National League for Democracy (NLD), as the overwhelming vote winner in the 1990 elections, and the military regime would be foolish in the extreme if they sought, however indirectly, to prevent NLD participation.

That would be disaster for all sides: the elections would be dismissed by the whole world as utterly without meaning; while the NLD would also be enormously diminished as a relevant political force if they decided not to participate. The NLD is not a perfect political party, has arguably made some serious tactical errors, and badly needs to rejuvenate its leadership, but it still enjoys widespread if not universal public backing. But an election without NLD participation will not be credible, and the NLD will not be credible politically if it remains on the sidelines.

The 2010 elections cannot be expected to turn the situation in Burma around but they could mark the start of important change. Countries such as Australia should support the elections as a first step, however flawed, but then press for further fundamental reform and change to help improve the situation of the people of Burma.

10 July 2009

INSIDE STORY

NICHOLAS FARRELLY

## Burma's general objectives

Last weekend the United Nations Secretary-General, Ban Ki-moon, asked permission to visit Aung San Suu Kyi, Burma's imprisoned pro-democracy leader. Predictably, Burma's military supremo, Senior General Than Shwe, and his subordinates refused the request. The generals know that Aung San Suu Kyi's dignified opposition remains a potent weapon against their rule. It is no surprise that they continue to isolate the country's most famous prisoner. But is the focus on Burma's best-known democracy activist stopping us from taking the military government seriously?

Countries like Australia and the United States hold up Aung San Suu Kyi's incarceration as a symbol of the persistent injustice, deadening political stalemate and egregious human rights situation that has prevailed for decades in Burma. Over the past 20 years they have repeatedly attacked the generals as unsophisticated thugs prepared to sacrifice their countrymen on an altar of political expedience and economic control.

With this well-worn story in mind there is an understandable, and almost inevitable, reluctance to explain exactly how the Burmese generals stay in charge. Instead, we are easily distracted by the irregular flashes of hope that catapult Burma onto the international agenda. In May 2009 we witnessed the most recent, and unusual, of these episodes when an American intruder, John Yettaw, interrupted Aung San Suu Kyi's house arrest by swimming to her lakeside residence. As a result, she faces a fresh batch of charges, which have only served to motivate another chorus of outrage against the generals. Her trial, adjourned for a month in curious circumstances, is expected to reconvene soon.

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First posted on *Inside Story*, <http://inside.org.au/burma-general-objectives/>, 10 July 2009; revised as 'Democracy's ghost of chance', *Canberra Times*, 11 July 2009.

The consensus is that this incident provides the generals with a special opportunity to ensure Aung San Suu Kyi's exclusion from the elections planned for next year. This is part of an ongoing campaign against Aung San Suu Kyi and her political party, the National League for Democracy. The last time Burma held an election, in 1990, her party won 392 of the 492 seats, and that result remains the key plank in the resistance by Burma's pro-democracy campaigners. Their organising principle, and defiant mantra, is that an elected government exists; it has just never been allowed to assume its legitimate mandate to rule.

Unfortunately, the post-Cold War period has been unkind to Burma's pro-democracy fighters. Year on year, decade on decade, they are forced into maintaining their rage against a government that has proven itself impervious to international opprobrium. As Aung San Suu Kyi faces more years locked up, and the generals look set to engineer a crowning legitimisation through the 2010 elections, it is worth re-examining Burma's politics.

The morality play of virtuous democracy pitted against the despotic military machine is now two decades old. To recast the Burmese drama we must accept the reality of the military government's control. The generals are in charge and even in a hypothetical future where elected politicians hold formal sway it is likely that military men will remain power brokers. The 2008 constitution which they drafted sets aside large numbers of parliamentary seats for the military and—by restricting eligibility for high public office—seeks to guarantee a political future in which the generals retain much of their influence.

As the country continues to prepare for the 2010 elections this reality has important implications for anyone who hopes to see change in the country. Aung San Suu Kyi embodies hopes for parliamentary democracy and political pluralism but she will likely be barred from any role in the elections. Even if, one day, she does come to power it is increasingly clear that without a concerted effort to totally reshape the armed forces she will be forced to accept compromises about the role of the military in Burma's public affairs.

Just as the militaries of neighbouring Thailand and Bangladesh still

demonstrate their appetite for intervention, Burma's army will probably need many years of electoral experience before it finally disavows political power for good. Long after a consensus for post-military government has evolved it will be worth keeping an eye on the generals and the alternative they represent. This means that those of us who hope to see positive political change in Burma need to learn more about the generals. We could begin by asking: how have they managed to stay in control for so long?

To answer this question it is worth highlighting those of their strategies that have proven most effective. Their rule is coloured by four important, but hardly glorious, objectives: the suppression of internal dissent, the implementation of ceasefire deals, the management of factional politics and the maintenance of a strong external posture.

The pro-democracy protests spearheaded by Aung San Suu Kyi in 1988–90 left the generals shaken. Those protests were organised in a pre-internet world, one in which the potential for widespread street demonstrations to coalesce into global news was more limited than it is today. Nonetheless, word of brave defiance against the military machine seeped out. The generals learned an important lesson about resilience, the media and democracy.

That lesson was on show when news of the protests of September and October 2007's abortive 'saffron revolution' spread around the world. Mass discontent with military rule was transmitted through the internet and out to a hungry media. Solidarity marches, activist blogs and supportive speeches marked a new period of optimism, providing renewed impetus for Burmese and international efforts to undermine the government. But the force of those heady protests was short lived. In the end, they merely reinforced the success of the generals in continuing to identify, intimidate and prosecute opponents, ensuring that the protests didn't escalate beyond a manageable level. The long-term consequences of those protests have been few. A new generation of radicalised regime opponents were brought onto the streets and crushed.

The generals have also worked hard to secure ceasefire deals with two dozen rebel armies to provide a degree of security and prosperity in formerly restless border areas. The agreements bring these armies, to a lesser or

greater extent, under the central government's control. It's no coincidence that the major ceasefires were confirmed in the years around Aung San Suu Kyi's rise to political prominence: as pro-democracy sentiments ran through the cities the generals saw a need to co-opt their armed opponents. The commanders of the ethnic armies were persuaded to cease their decades-long battles in exchange for wealth from the country's economic liberalisation. Newly empowered ethnic armies took on a diverse portfolio of commercial activities. The proceeds of mining, logging and, of course, narcotics lined the leaders' wallets and filled the treasuries of formerly rebellious armies across the country.

Only a few armies have yet to sign ceasefires. The most celebrated rebel force remains the Karen National Liberation Army (KNLA), which is currently facing a major challenge from Burmese government forces and their ethnic allies. Recently, one of their last remaining strongholds fell and thousands of refugees fled across the border to Thailand. The KNLA has been at war with a series of Burmese governments for over 60 years. If its forces capitulate in 2009, or are pushed deeper into jungle obscurity, it will mark the end of an era for Burmese politics.

As the government moves towards the planned 2010 elections the generals are also working to neuter the armies that have already signed ceasefires. The generals hope to largely demobilise these armies and use remnant forces only as border guards. In the case of the Kachin Independence Army, which has bases along the border with China, this would mean a transition from an armed strength of around five thousand to only a few hundred. Their commanders have indicated an unwillingness to sign up to this new arrangement, although smaller, and weaker, armies have already made such deals. For the time being the Kachin Independence Army, and a handful of other large ceasefire armies, are keeping their guns.

Co-opting the ceasefire armies is an important goal for the long term but maintaining the generals' own command cohesion is arguably a more crucial objective for ensuring their immediate survival. With an armed strength of almost 500,000, and countless potentially volatile factions, this is a significant task. Cohesion has been managed by a prestigious officer corps imbued

with a spirit that melds ancient Burmese martial chauvinism, British colonial military tradition and the experiences of decades as politician-commanders. In such a system it remains remarkable that there are so few major schisms. Command loyalty and solidarity remains a hallmark of the Burmese military system.

The purge of former military intelligence chief and prime minister, General Khin Nyunt, in 2004 was the crescendo of one particularly challenging period for that system. The manoeuvring took considerable nous on the part of the more senior officers, who reputedly feared the growing autonomy of his intelligence network and worried, perhaps with some reason, that a plot was in motion to engineer the ‘retirements’ of the most senior military commanders. The Than Shwe power clique moved first and Khin Nyunt subsequently disappeared. He reportedly enjoys a quiet life under house arrest in Yangon.

The management of such potentially destabilising command politics remains a key government objective. The world continues to wait for a schism within the ruling clique to precipitate its end. During times of tension there is well-meaning speculation that a rebellion from within the ranks will undermine the top generals and lead to a more moderate faction taking control. Over the decades this expectation has become muted and it is now rare to hear anyone confidently predicting this outcome.

Finally, and most importantly, the generals have managed an external stance that discourages international efforts to remove them from power. They have cultivated strong ties with all of the neighbouring countries, underpinned, in most cases, by increasingly ambitious economic integration. These neighbourhood ties are augmented by relationships with powerful countries—like Russia, North Korea and Israel—further afield. These distant friends offer much needed technical, logistical and financial support, and the Russian and North Korean governments are increasingly linked to the generals’ nascent nuclear ambitions.

At the same time, the United States, United Kingdom, European Union and Australia have continued to voice concern over Burma’s lack of democratic progress. However persuasive their moral arguments, they have

never been supported by a broad-based coalition. When a major Burma resolution was debated in the United Nations Security Council in 2007 it was defeated by vetoes from Russia and China. There is still no consensus about what Burma needs. The Russians and Chinese have come to the conclusion that, at least for the moment, the country needs to be left alone. The foreign policy objective of the generals is now echoed by these powerful friends. So while the Burmese generals are regularly dismissed as unsophisticated and unsubtle, they have managed to defeat the efforts of generations of savvy diplomats, negotiators and activists working to undermine their government system. This is the overarching success of their rule and the one that points, most starkly, to the challenge that their critics must face.

The objectives of the Burmese generals need to be explained because there remains a lingering sense that they will inevitably stumble in their efforts to retain control. Is this likely? They have clearly proven adept at managing their military dictatorship. New revenue streams and international collaborations probably mean that they are far less vulnerable than many expect. Over the decades they have asserted control across the length and breadth of the country in a way that previous governments, even the British colonial government, struggled to do. They have also inculcated a feeling of normality that is largely ignored by outsiders. It often surprises first-time visitors to the country that life on the streets is not nearly as tense, difficult or militarised as they have been led to believe. Human rights abuses and outrages are, at least for the casual observer, largely kept out of view.

We remain far from the day when Burma will be considered a 'normal' country. But the elections of 2010 are supposed to bring that distant future closer to reality. Managing this difficult period will test all of the resources of the generals and those who seek to break their yoke. Although Ban Ki-moon, Aung San Suu Kyi and others like them will have a part to play in these battles, it is increasingly obvious that international efforts to undermine the Burmese government must first come to grips with the day-to-day mechanics of military rule. A critical and unflinching understanding of the generals and their objectives is the best starting point for any future effort to bring them down.

29 August 2009

NEW MANDALA

CRAIG REYNOLDS

## Review of Taylor

Review of *The State in Myanmar* by Robert H. Taylor, London: Hurst, 2009.

This book is a new edition of *The State in Burma*, originally published in 1987 and thought by many to be the most comprehensive account of Burma in the quarter century after Ne Win seized power in 1962. Taylor is a political scientist with strong historical interests who speaks and reads Burmese and has devoted his professional life to studying the country. He travels regularly to Myanmar and in recent years has held classes there. A native of Ohio in the American Midwest, he has migrated through several citizenships—American, Australian, British—and now resides in London. He has been a consultant on Myanmar affairs to Premier Oil, a fact that he freely acknowledges in the book and discusses in his November 2007 interview with *New Mandala*. In a field fraught with controversy, his association with Premier Oil comes up often in conversation about Taylor's writings, views and objectivity. His critics and detractors see him as too close to the Myanmar regime.

During his undergraduate education at Ohio University Robert Taylor took courses with John F. Cady, who wrote *A History of Modern Burma*, first published in 1956 and for many years the definitive history of modern Burma. Still inspired by Cady's teaching, Taylor refers approvingly to Cady's wry views on foreign meddling in Burma's domestic politics during the Cold War. Burmese governments have had good reason to be wary of the West, and Taylor has principled objections to American policies that go back to the early 1950s. In 1960, on the eve of the establishment of the Burma Socialist Programme Party (BSPP), Cady published a revised edition of his

history with a 34 page supplement.

Taylor has approached the task of revising his own book in a similar manner by writing a supplement, rather than a completely new book, to cover the tumultuous events that occurred in Myanmar since the original edition appeared. Apart from some changes in verb tense and the confirmation of a rumour about Ne Win's heir apparent in 1983, the final pages of the original edition are reproduced virtually unchanged. The fit between the old and new editions is seamless, except that the name of the country changes inexplicably from Burma to Myanmar. Taylor's favoured framework of the state, which served to explain modern Burma after World War II until 1987, is intact and continues to explain what happened between 1988 and 2008.

The new chapter six is a small tome in itself. 'The State Redux, 1988–2008' covers the end of the party-state, the return of army rule, political parties, the revival of student politics, the ceasefire agreements, exile political groups, state–society relations, courts and the law, external relations, and politics within the ruling councils of state—the State Law and Order Restoration Council (SLORC) and the State Peace and Development Council (SPDC). To squeeze two decades into one hundred pages requires Taylor to give less than a full account of the 1988 uprising and the violence that suppressed it. The protests led by monks in September 2007 are also given short shrift. His narrative frequently loops back to 1988 to illustrate continuities and breaks with the previous period. The BSPP had pursued a strategy of autarky, or economic self-reliance, similar to *juche*, the ideology of economic and political self-reliance developed by the late North Korean leader, Kim Il-sung. With the army putsch of 1988, autarky under 'the state's ageing managers' was abandoned as the new leadership sought to meet the challenges of globalisation and integrate the economy into the international order.

Taylor gives extensive coverage to Daw Aung San Suu Kyi's leadership of the National League for Democracy (NLD), to the 1990 elections and the NLD's win of 392 out of 485 seats, to Daw Aung San Suu Kyi's political philosophy and desire to transform the 'Burmese mentality', and to her detention under house arrest. He reiterates the SLORC position on the

election results, namely, that power would not be transferred until the elected representatives drew up a new constitution. This position, contested by the NLD which believed it had won the election and was entitled to form a government, became the stumbling block which led to the present stalemate. Burmese politics quickly became internationalised. In an appendix Taylor discusses the 2008 constitution that may or may not break the deadlock.

As a non-specialist in Burmese studies, I learned a lot from Taylor's account of exile politics, with its bewildering array of alpha-names designating the groupings overseas. Taylor's explanation for fragmentation in the exile community is that newly arrived activists in the Burmese diaspora have little faith in existing expatriate organisations which trace their lineage back into Burma. His contentious conclusion is that exile politics has had more impact outside the country than inside.

Taylor also gives extensive coverage to the ceasefire agreements and their impact. There are detailed tables on the major agreements, ethnic political parties, and estimates of armed groups contesting for state power. Although the process is not yet completed, many of the ethnic armies seem to have been converted into police forces and local militia, and most of the groups, officially recognised as semi-autonomous entities, are allowed to establish legitimate businesses in the national economy. The Burmese government has effectively subcontracted its sovereignty to these groups.

Here and there may be found unflattering comments about the regime: 'scabrous cartoons and articles' about Daw Aung San Suu Kyi published in the government-controlled press; torture and beatings still being used in 2002 in lieu of proper interrogation methods; inept explanations to the outside world of the government's policies. While Taylor points out that the ethnically designated armies were deeply involved in smuggling opium, timber, cattle and gemstones, his handling of collusion by the generals leaves something to be desired. Bertil Lintner, among others, has reported on this collusion, and it cannot be ignored.

I was disappointed in Taylor's handling of source material, not because he relied on official documents or statistics, but because of materials not cited. He cautions on the use of government sources, and he hedges many

assessments with ‘seems to’ and ‘appears to be’. In any case, much can be learned from so-called propaganda if it is used intelligently. Perhaps for reasons of space—the length of chapter six must already have been testing the publisher’s patience—some important work is not reported, such as the extensive analyses by the Macquarie University economist Sean Turnell who has written on banking, microfinance, chettiars, migrant workers, sustainable development, and sanctions. Another example is Taylor’s discussion of the Union Solidarity and Development Association (USDA), a mass organisation whose membership is compulsory for civil servants and those who do business with the state, and which has a branch in nearly every township, ward and village tract. An informative 90-page report that might have illuminated the discussion, produced in May 2006 by the Network for Democracy and Development, is not cited.

‘State’ in the book often seems little more than a synonym for government, so we have ‘state managers’ rather than ‘government officials’. Regime, which seems to suit the circumstances, is used infrequently, and junta, favoured by some observers, is never used. More to the point, Taylor does not believe the army has become the state, which it was in danger of doing in the years immediately after 1988. ‘Had that happened, and the distinction between the state and the army been completely lost, the prospects of significant political change in Myanmar, short of war, could have dissipated’ (p. 402). But the army controls the state and in many ways functions as a state. It also claims to be the saviour of the nation and strives to give life to that claim through USDA ceremonies and mega events.

What explains Taylor’s particular vantage point? In his *New Mandala* interview Taylor tells us that because of visa restrictions for American citizens at the time, he was one of the very few individuals to receive his PhD degree from Cornell University’s Southeast Asia Program without having visited his country of study. He scrambled to overcome this disadvantage with extended visits inside Burma and advanced Burmese language study long after he had completed his doctorate in 1974. One of Taylor’s classmates at Cornell was Thak Chaloentiarana, who wrote a widely respected thesis, published as *Thailand, the Politics of Despotic Paternalism* (1979, 2007), on Field

Marshal Sarit Thanarat, Thailand's military dictator from 1957–63. Thak's picture of this military dictator does not exactly flatter Sarit, but it is also not harshly critical of him. In fact, it is not critical at all. Thak simply wanted to understand the sources of Sarit's power and how Sarit's regime had shaped Thailand's political life at the height of the Cold War. Taylor's approach to the Burmese army's domination of Burmese politics since 1962 is quite similar.

As comparative political scientists with discipline and language training in area studies, both Thak and Taylor have tried to see things from the inside out. In Taylor's case, he has asked himself why the regime behaves the way it does, why it seems incapable of engaging with the outside world in a more constructive manner, why its economic policies have not worked, and why, having abandoned autarky after 1988, it still has not managed to connect with the global economy and participate in the growth that other authoritarian regimes in the region, such as Vietnam, have managed to achieve. Taylor wants to understand what makes the Burmese army-state tick, not how to get rid of it. He would doubtless agree with the military scholar, Mary Callahan, who has written that the current political deadlock cannot be reduced simply to an unequal contest between a victimised population and an invincible gang of 'trouser-wearing' military officers.

Writing after army leadership brought an end to civil strife in October 1958, John F. Cady declared:

The non-political cabinet of General Ne Win, freed from the incubus of partisan feuding and wielding genuine authority, accomplished notable improvements within a short time. Order was established and corruption curbed. But the very measure of its successes discredited the principle of representative government, which alone could provide an eventual escape from army dictatorship (1960, p. 683).

The historical circumstances then and now are very different. At the end of chapter six, Taylor concedes that crisis management in Burma has become routine, and once again the state is run by ageing managers. Yet I wonder if Robert Taylor would agree with his teacher's judgement in this last sentence if it were applied at any point to the army-state that came to power in Burma in 1988. The price of order has indeed been high.

# China

13 January 2009

EAST ASIA FORUM

STUART HARRIS

## Taiwan and Hu Jintao's end-year overtures

Celebrating the 30th anniversary of China's first attempt at a nonconfrontational policy towards Taiwan, President Hu Jintao made a speech on the last day of 2008 containing six proposals for making progress on the broader issues of cross-strait relations with Taiwan.

These proposals included a peace accord with exchanges between the two militaries, an end to political confrontation in a 'one China' framework, enhanced economic cooperation, strengthening common cultural links, personal exchanges with the Democratic Progressive Party (DPP) and adequate arrangements for Taiwan to participate in international organisations.

The past year has already seen a lowering of tensions across the Taiwan Strait with the more flexible policies of President Ma Ying-jeou since he succeeded President Chen Shui-bian in May 2008 and a more nuanced policy

approach to Taiwan out of Beijing.

Among recent developments have been the establishment of direct air, sea and postal links across the strait and China's stated willingness to help Taiwan financially in the context of the global financial crisis. Hu's six proposals seem to have taken that process further, although how far is yet to be determined. The debate on the meaning and intent of the proposals will continue for some time.

Apart from the direct reference to the DPP, none of Hu's six proposals are new, but they are addressed to a different government in Taipei. The immediate response from Taiwanese officials, including the foreign minister, Francisco Ou, and from the 'blue' leaning media, has been positive, although Ma has as yet responded only briefly, indicating little at this stage.

The Hu proposals could be seen as a response, as Ma suggests, to a number of propositions that he has put forward for improving cross-strait relations, including calling for a 'diplomatic truce' and a 'mutual non-denial' (that Taiwan and China should not deny each other's existence). Unsurprisingly the independence-oriented DPP is less enthusiastic.

In a general sense, and in the use of more restrained language, Hu's proposals appear to contain positive elements and presumably they are meant to. They may nevertheless be difficult for Taiwan to take further. On the surface, Hu shows little sign of compromise on the 'one China principle' and only a minor reference was made to the '1992 consensus', that both sides recognise there is only one China but agree to differ on the definition of that one China. This consensus is an important basis for Ma's approach to cross-strait relations and for Taiwan's ongoing talks with the mainland, even though it is interpreted more narrowly by China. Ma has committed not to discuss politics with China in this administration, but this may be difficult in developing a peace accord and a means for participating in World Health Organization (WHO) meetings, a litmus test for Ma, without impinging on the claims to sovereignty of one side or the other.

Yet the proposals for a peace accord and for non-confrontation do reflect a welcome lowering of temperature in the relationship. A more substantial move to assuage Taiwanese fears of China, however, would be to reduce

the thousand or so missiles targeting Taiwan across the strait—a move not mentioned by Hu although rumoured to be a possibility in Taiwan.

So is Hu's speech a positive development? It's certainly encouraging for the international community. It suggests a further lowering of tensions across the strait and reduced risks for countries that could possibly be caught up in any cross-strait conflict—including Australia.

For the Taiwanese it depends upon whether they see their future tied more closely to China or whether these developments are seen as a part of a clever move toward bringing Taiwan increasingly within China's political as well as economic orbit. Presumably this, of course, is China's hope. Whether Ma will see them as an adequate response, given his own by no means universally welcomed flexibility towards China, may be open to question. More generally, although undoubtedly a positive development potentially, and one that ameliorates if not resolves the bilateral issues, we have yet to see how far the basic dynamics of the cross-strait problem have changed.

*16 March 2009*

EAST ASIA FORUM

BEN HILLMAN

## **Fifty years on, what do we really know about Tibet?**

This week Tibet is back in the headlines. One year on from the violent clashes that turned Lhasa into a war zone, another spate of protests marks the 50th anniversary (10 March) of the Dalai Lama's flight into exile.

Unfortunately for Western audiences, journalists go weak in the knees when it comes to the Dalai Lama or Tibet. Reading some Western coverage

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on the issues is almost as exasperating as reading Chinese Communist Party propaganda. An editorial in *The Age* this week (12 March) is a case in point. It denounces China with accusations of ‘colonialism’ and ‘cultural genocide’. Its sensationalist moralising plays to popular perceptions, but it distorts the facts and closes the door on serious discussion about what is going on inside Tibet.

Journalists also write about ‘Tibet’ as if there is only one Tibet and everyone knows where it is. They don’t. Within China Tibet usually refers to the Tibetan Autonomous Region (TAR) where approximately 2,500,000 ethnic Tibetans live. Then there are the Tibetan prefectures and counties located within neighbouring provinces—an even larger area than the TAR in which an even larger number of ethnic Tibetans live. Then there are the exiles—a community of 120,000 with its government in India, the Central Tibetan Administration, and members scattered across the globe. Among these groups there are various religious and linguistic communities with different views on life, the universe and the status of Tibet.

When journalists write about the ‘Tibetan cause’ they are typically writing about the Tibetan exile cause, which, as the Dalai Lama has so often repeated, is a struggle not for independence but for ‘meaningful autonomy’ for Tibet. Even though the exiles are divided into different camps with different aspirations for Tibet, most rally around the Dalai Lama’s call for ‘meaningful autonomy’ rather than independence.

Fair enough. But if that’s the crux of the ‘Tibet question’ then commentators would do well to examine what ‘meaningful autonomy’ might look like in the context of a one-party state. They could start by looking at the exile government’s demands—outlined on their website, [www.tibet.net](http://www.tibet.net). The Government of Tibet in Exile insists that Tibetan autonomy be expressed through the creation of a new political entity encompassing the entire region in which ethnic Tibetans make up the majority of the local population—a greater Tibetan nation covering up to a quarter of China’s territory. These demands were repeated at the most recent ‘discussions’ between exile representatives and Beijing. China’s leaders have responded to them with derision, as they always have done.

But while the exiles rally pro bono international lawyers for their improbable grand design, other Tibetans are working towards gradual change from within the system. From their various positions in all levels of government, religious associations, universities, NGOs and other groups, these Tibetans deliberately stay out of the limelight, but they will probably have more impact than the exiles in the long run. Some of their efforts are already paying off. Anyone accusing China of ‘cultural genocide’ just hasn’t spent much time in Tibetan areas. Tibetan religion and culture has been flourishing in recent decades. Tibetan monasteries have been rebuilt and expanded, many with state grants, as Tibetan Buddhism attracts an increasing number of adherents. There are now more Tibetan monks and nuns in China than there are Tibetans outside China (see the chapter by Matthew Kapstein in *Governing China’s Multiethnic Frontiers*, Morris Rossabi (ed.), Seattle: University of Washington Press, 2004). In many Tibetan areas, local officials are using Tibetan identity and culture as a draw card for tourism and economic development. Despite criticisms that this has led to a commodification and, therefore, debasing of Tibetan culture, there is evidence that tourism-led development is renewing local pride in Tibet’s cultural heritage and creating an environment where Tibet’s heritage can be appreciated by all Chinese citizens.

But the cultural revival has created political problems too. Monasteries that have regained influence in recent decades pose a challenge to state authority (see my article ‘Monasticism and the local state: autonomy and authority in a Tibetan prefecture’, *The China Journal*, no. 54, July 2005, 22–52). Monasteries have also long been hotbeds of Tibetan nationalism, seen by China’s leaders as threatening to both China’s territorial integrity and Communist Party authority. So while Tibetans are mostly free to practise their religion (visit any one of hundreds of sacred Tibetan Buddhist sites throughout China to see ordinary people going about their daily religious rituals), the Chinese government has placed tough restrictions on organised Tibetan Buddhist institutions. While the level of intervention varies between locales, monks are often forced to demonstrate their allegiance to the Chinese government by denouncing the Dalai Lama and by attending patriotic education classes.

These major intrusions into monastic life are a major source of grievance for Tibetan monks. When they get fed up, street protest is their only outlet. Lay people join them in sympathy and it escalates. That's what happened in 1989 and it's what happened again in 2008.

However, the media's frequent depiction of the Tibet issue as the struggle of an oppressed people against a colonising force is overly simplistic. Among Tibetans, as with every other community in China, there are haves and have-nots, satisfied people and not so satisfied people. China's policies in the region have benefited some Tibetans, but not others. State-led development strategies have raised incomes for the urban middle classes, but opened the door to non-Tibetan migrants who out-compete less-skilled Tibetan workers for jobs (see my article in *Far Eastern Economic Review*, April 2008). Many rural parts of Tibet are just as poor as they have been for decades and even centuries. China's policymakers need to rethink the way the billions in subsidies are being spent. Far more resources need to go into education, health and inclusive development programs in rural Tibetan areas. But these are development policy challenges for all of China. Tibetan-area protests must be viewed alongside the 100,000 protests that took place across rural China in 2008—many of which are reactions to local injustice.

Nevertheless, the continuation of protests across a wide swathe of Tibetan areas is a clear indication that China's policies in Tibet aren't working. China's leaders need to rethink their coercive approaches to governing Tibetan areas or risk further alienating the Tibetan population. But neither should the protests be read as a sign that the exiles' campaign is gaining ground. For the last two decades the exiles have rallied sympathisers from around the globe, including Hollywood stars, to exert pressure on China. In doing so, they've succeeded in making Tibet an international *cause célèbre*, but they've had zero influence on China's Tibet policy. When the 73-year-old Dalai Lama eventually passes away, the various exile factions will likely lose the little leverage they have. Some of the more aggressive groups could resort to violence, which would prolong Tibet's misery.

Sensible debate about China's Tibet policy is long overdue, but extremists in both camps continue to dominate the airwaves. The international media

are not helping much either. International journalists need to do a better job of informing public debate about Tibet. Rolling out the ‘good guys versus bad guys’ script merely puts wind in the sails of the exiles’ sinking ship. It also feeds the Chinese government’s defensiveness and helps to justify coercion within government and military circles.

International journalists would do well to start thinking about Tibetan issues in the context of Chinese policy and broader political change in China. Tibetan autonomy is a good thing, but it will remain meaningless in the absence of democracy.

*April 2009*

APEC ECONOMIES NEWSLETTER

LIGANG SONG

## Let the stimulus package work in China

For the first time in modern economic history there is a joint effort underway among major economies in the world to stimulate economic growth through fiscal means in the middle of the global economic downturn. China’s stimulus package is equivalent to 3.2 per cent of GDP in 2009, well above the 2 per cent of GDP recommended by the International Monetary Fund. This is not so much because China’s fiscal fundamentals are relatively sound and enable China to do more than others, but mainly because too much is at stake for China to maintain a reasonably high growth rate against the backdrop of steeply falling exports and an abrupt easing of domestic economic activities.

With much investment still needed for job creation, infrastructure

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development and the provision of public goods, the room for fiscal expansion in China is considerable. Fiscal measures to boost the economy are needed because abundant liquidity makes monetary policy less effective. The efficacy of implementing such large-scale fiscal expansion will depend on how it can be directed to restructuring the Chinese economy at this stage of its industrialisation.

With a growth rate of nearly 10 per cent per annum during the past 30 years, China's economy is like a fully loaded truck travelling at a high speed on a superhighway powered largely by capital investment and strong exports. Imagine how precarious it would be if the truck not only needed to decelerate quickly, because of the economic slowdown, but was also forced to make a sudden turn (shift) from being highly dependent on exports to reliance on domestic consumption. Such a shift is generally regarded as necessary in resolving the problems of global imbalance. Failure to change direction increases the risk of running the economy into 'deflation', increasing unemployment and causing social instability.

China's stimulus package might boost domestic demand and accelerate growth, but it may not be able to rebalance the economy towards a new pattern of growth driven primarily by domestic consumption. At the same time, if it is not implemented well, the package could set back ongoing institutional reform aimed at reducing the direct involvement of local governments in generating growth. The package's underlying growth target could also undermine the government's goals of reducing the energy (as well as pollution) intensity of its industries, set as part of China's commitment to deal with energy and environmental problems.

Can China's stimulus package work more effectively so as not only to generate more growth and more employment, but also to enhance the ongoing reform, at the core of China's success in the past, and to promote industrial upgrading through technological advancement and innovation, and increase domestic consumption through boosting rural development and strengthening the social security system? Both are crucially important to a more sustainable growth path in the long term.

For the stimulus to work the government will have to impose strong

disciplinary measures on different levels of government to ensure that investment accords with government planning and priorities. Investment by local governments is prone to inefficiency both because of irregularities in its use or its allocation to financially non-viable projects. Since it is effectiveness which ultimately determines the real impact of the spending package, the importance of continuing systemic reform is paramount.

Implementation of the package has to be combined with other macroeconomic policies, including policy measures ranging from easing monetary policies to increase bank lending to reducing taxation for both enterprises and households. Direct government payments to low-income groups in both urban and rural areas must also aim to increase domestic consumption.

It is important that the huge expansion of government spending from all government sources doesn't crowd out non-state and private investment which now accounts for more than 70 per cent of China's total fixed asset investment. The stimulus package inevitably strengthens the role of governments which might go against the grain of market-oriented reform.

One challenge will be to frame the stimulus package so that it encourages further investment from the private sector, which has played a pivotal role in driving growth in the past and holds the key for reviving the economy. With many factories already being closed down, government support in the form of finance and credit will be essential for small and medium sized private firms which continue to rely heavily on borrowing from informal financial sources at much higher cost. One policy option is to quicken the pace of liberalising the informal financial sector and integrating it with the formal financial sector.

The stimulus package won't work unless both China and its trading partners keep their markets open to each other. Guarding against rising protectionism will require both China and its main trading partners to make some adjustments both domestically and internationally. As one of the largest beneficiaries from open trade, China can contribute to global economic recovery by importing more goods and by liberalising trading arrangements with its trading partners.

There is no room for complacency on the viability of the commercial banks in China even though the overall ratio of their non-performing loans has been falling. This could be reversed when the economic slow-down starts impacting on firms' ability to repay their bank loans. Commercial banks will also be lending money to fill the funding gap in the stimulus package, further increasing the financial risk for them.

China is conscious of the need for fiscal sustainability in spite of the estimated budget deficit for 2009 accounting for only 2.9 per cent of GDP (lower than the internationally recognised alert level). Fiscal expansion has, however, been accompanied by substantial reduction of taxation for both enterprises and households, weakening the government's fiscal position in the short term. And a large proportion of funding in the stimulus package comes from local governments, many of which are already heavily in debt.

For China, a failure to deepen its economic, governmental and institutional reform in time of crisis will not only undermine the efficacy of implementing its stimulus package but also pose more medium to long-term difficulties in confronting the challenges in the post-crisis world in which China is expected to play a more important role.

The current crisis is likely to get worse before it gets better. But the possibilities for further high growth in China have not been exhausted because the fundamentals which have driven past Chinese growth remain basically unchanged. The room for further rapid growth and industrialisation is large, given China's present level of per capita income, its continuing urbanisation, the scope for further improving productivity by deepening reform and institutional change. The preservation of an open global trading regime is important to the resumption of fast growth in China that will also benefit the rest of the world.

24 May 2009

EAST ASIA FORUM

RICHARD RIGBY

## Can China embrace its history and Zhao Ziyang's memoir?

As one whose task it was—together with some excellent colleagues—to report and try to make sense of events as they unfolded in China from 1988 to their tragic denouement on the night of 3–4 June 1989, Zhao's account comes as very welcome confirmation that, basically, we got it right.

Against a background of growing popular concern over corruption and inflation, the broad outlines were clear enough: Zhao's intensifying struggle with his more conservative opponents, the way his efforts to defuse an increasingly tense situation following the death of Hu Yaobang on 15 April were systematically sabotaged, the cutting off of Zhao's direct access to Deng Xiaoping, the subsequent monopolisation of information going to Deng by 'a small handful' (to use the phraseology of the time) of Zhao's enemies, Deng's final loss of confidence in Zhao, Zhao's loss of power, martial law, the massacre and its aftermath.

What Zhao gives us, though, is the detail of the events as he himself lived them; and also the lacunae, things that others may have been aware of but he himself not. And this is itself a useful reminder that just because someone played a crucial role in major historical events doesn't necessarily mean they knew everything that was going on. This applies both to the machinations taking place behind his back and also to aspects of the situation as it developed in the streets.

What was not generally known at the time to outside observers was Zhao's determination, mentioned several times in the book, that he not go down in history as the general secretary who approved unleashing the People's

Liberation Army (PLA) against the demonstrators. In so doing he sealed his political fate, but also ensured his name would be added to the (all too long) list of upright officials who throughout Chinese history did the right thing—to their cost, but to their own, and China's, ultimate credit.

The fascination of the book, though, goes much further than Zhao's account of the 4 June events. It will be mined in great detail by many for the insights it provides into the evolution of the economic reform program, the twists and turns of internal party struggles, the paramount role of Deng Xiaoping (but even his power was not unlimited), the serious differences within the reform camp over political reform (and, in Zhao's case, the way his thinking on this issue changed and continued to do so following his removal from power), Zhao's insightful pen-portraits of his erstwhile colleagues, and his frank admissions of various policy mistakes (in particular the mishandling of the price reform of 1988).

Most of all, the book stands out as the sole account of how things worked—and in some, but not all, ways presumably still do—at the very top of the Chinese political system, by one who was there.

The difference now, regarding this latter point, is of course that there is no longer a Deng, or a Deng equivalent. Zhao tells us that at the time of the removal of Hu Yaobang, Chen Yun had expressed concern about how Hu's resignation would be received, both domestically and internationally, and made sure the announcement explained that it was legal and in accord with proper procedures.

'Deng himself', says Zhao, 'never took such matters seriously.' Quite. None of the current leaders are cut from this cloth nor have Deng's power, deriving not from office but from who he was and what he'd done.

The book is in fact almost as much about Deng as it is about Zhao, and here the portrait is appropriately complex. While Zhao emerges very clearly as the man who was really responsible for the thinking through and execution of the reform and opening program, it would never have happened without Deng. Equally, without Deng other things that might have happened didn't—most particularly, really meaningful political reform.

Zhao makes it quite clear that for Deng political reform meant doing

whatever it took to strengthen the position of the Communist Party as the sole ruling force in China. He was implacably opposed to anything that smacked of multiparty democracy or the separation of powers.

In this sense, the current leadership stands in a direct line of succession to Deng, as expressed most recently by the widely reported comments of Wu Bangguo; but it is good to be reminded that there have been, and are, other views within the party itself. At the same time, Zhao demonstrates with equal clarity the support given him by Deng at various crucial junctures against the conservative forces that sought to turn the clock back on reform and opening.

Commenting on the 4 June events, Deng said, famously, ‘This storm was bound to happen.’ Zhao shows that this was not necessarily the case—or at least that there was nothing inevitable about the way in which it was handled. Had he had his way, it was perfectly possible that the situation could have been resolved peacefully (as was quite obvious to almost anybody there at the time, other than to those who had an interest in what actually happened).

Going further back, had Hu Yaobang not been forced from power in 1987, Zhao believes the subsequent political trajectory would have been quite different (although, intriguingly, Zhao reveals that one of the accusations against Hu was that he had been too enthusiastic in his support of Kim Il-sung!).

A few days ago, responding to a foreign journalist’s question about a possible reappraisal of 4 June, the Chinese foreign ministry spokesman said that this and all related issues had been settled years ago. I have too high an opinion of the Chinese Ministry of Foreign Affairs to believe that the spokesman believed this to be true, or that his hearers would believe it either.

Sooner or later—and later is still more likely than sooner—the issue will be reappraised. When it is, Zhao’s memoirs will play an important role in reassessing this vital episode in the history of modern China. In the meantime, thanks to access to modern means of communication—an important aspect of the reform and opening program for which Deng, Zhao, Hu and their successors can all claim credit—whatever measures are

taken to impede them, thousands of people across China will find ways of reading this fascinating and important book.

9 June 2009

AUSTRALIAN FINANCIAL REVIEW

PETER DRYSDALE

## Chinalco fiasco exposes our national ignorance

Last week the deal that would have seen Chinalco (the big Chinese metals conglomerate) take a US\$19.5 billion stake in Anglo-Australian mining giant Rio Tinto fell over.

This was not just another of the many Chinese resource investment deals on the block. It would have been the largest-ever Chinese commercial investment abroad and would have led to the creation of the first great Anglo-Australian-Chinese mining and metals company, probably headquartered in Australia. This company would have been positioned to play a lead role in the Chinese market. It was not just significant in the Australian scheme of things. It would have been significant in the Chinese and the world scheme of things.

Quite apart from whether it influenced the commercial outcome announced on Friday, the kerfuffle over the proposal in Australia prompts reflection on how Australia is managing the relationship with China. Australia's management of its relationship with China is not merely of national significance; it is of regional and global importance because of Australia's strategic role as an energy and resource supplier to China and,

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Posted as 'Australia needs to get its act together on China, and fast', on *East Asia Forum*, <http://www.eastasiaforum.org/>, 7 June 2009; published in *Australian Financial Review*, 9 June 2009.

indeed, the whole Northeast Asian region.

No one comes out of the Rio-Chinalco experiment looking good. The Australian press fell hook, line and sinker for the feed of Australian vested interests in the play. Unfortunately, there's little ballast in the way of Chinese expertise in the fourth estate. Australian policymakers directly responsible for the deal looked like a bunch of stumblebums and will have to work hard to restore confidence in the Australian investment environment. Chinalco made some seriously bad calls while Rio was a house divided against itself. Opposition political leaders (Turnbull, Costello and Hockey) performed like a bunch of clowns (on a par with the self-confessed ignorance of Joyce and Xenophon) who couldn't be trusted with managing the national estate. Australia's political leadership was missing in action. And the analysts, like me, assumed too readily that lessons learned in the past are lessons learned permanently.

Unless there is a massive effort to get things sorted out quickly, don't think that there will be no fallout from this episode for Australia. The fallout has nothing to do with iron ore price negotiations or peripheral noise in the commercial relationship with China. It has to do with the damage to Australia's standing as an investment destination, especially in China but also among other global investors, and with our position in this business in the world.

Still far too few in Australia comprehend the scale and importance of what is going on in China, be it in the economy or politically, let alone the importance of China in terms of its palpable impact on our region and on the structure of world economic and political power. Fortunately, we have a prime minister who knows more than most, but that is not enough. His understanding needs confirmation and articulation in a national statement that serves to put the madder ideas out there (not only in the community but also deep in the policy process) about what we have to deal with, and what the opportunities and risks are in how we deal with it, under forensic scrutiny and rigorous assessment.

If you'd just had a round of intensive interaction with top players in the Chinese policy world, as I have over the past several days, the one thing you'd

take away about Australia's position in China is what a good run we still get there. There is generosity, to a fault, about what failings we might have in the Chinese scheme of things. There is generosity when we don't run the same line on whatever issue. Above all, there is a genuine warmth towards Australia in the press and in the vast community that is China today. Senior officials puzzle over why it is that Australia is so liked in China—pretty well from the top to the bottom of Chinese society. This is a huge and precious asset. But in these affairs, it is an asset that can be easily wasted.

There's not an issue of international importance on which Australia can afford now not to take into account the China dimension. This is true for many countries, even great powers like America. But it is acutely the case for Australia, given where we sit in the world.

We need to get our act together on and with China, and quickly.

On the proximate issue, Australia needs closer engagement with Chinese authorities and policy and commercial circles on China's 'going abroad strategy', to enhance understanding of how the market works in China and what dynamics now drive it in terms of competition, corporate governance, financial transparency and going out into the international market.

But much more than that, Australia needs, as a matter of top policy priority, a well worked over and publicly debated national strategy paper, with intelligent input welcomed from both sides of the relationship, as a reference point to keep the relationship on a positive track and to realise the huge potential there is in it for both countries.

29 September 2009

THE NEW YORKER

GEREMIE R. BARMÉ WITH EVAN OSNOS

## Q & A on Chinese military parades

Why does China still conduct military parades? On Thursday, 1 October, Beijing will host the 60th anniversary celebration of the founding of the People's Republic. The Communist Party leadership has elevated the event into a state-religious holiday, of sorts, centred on a massive military parade—including 5,000 soldiers arranged partly by height—followed by a civilians' parade involving 100,000 citizens.

I asked Barmé about the imagery and significance of these spectacles. Our exchange follows.

*The iconography of a military parade seems at odds with China's general effort to avoid arousing international concern about its rise, suggesting, instead, that this is for a domestic audience. What is the message, and who exactly is it supposed to persuade?*

China's party-state often expresses its contradictory impulses between state-orchestrated displays of martial vigour and celebratory spectacles of civil achievement. I would note that, originally, Qin Entombed Warriors in the form of gargantuan puppets (*piying*) were to feature in one scene of the Zhang Yimou-designed Olympic Opening Ceremony of 8 August 2008. The phalanx of warriors was choreographed to perform a victory march into the Bird's Nest Stadium during the show. At the last minute, however, the scene was deleted by party leaders who were concerned that it would send the wrong kind of message—that of triumphalism—to the world.

The primary aim of the 1 October 2009 military parade, which is after all only one part of the Grand Parade (*Da yuebing*) designed for Tiananmen that

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day, was stated in rather stark terms some months ago. In the ‘Propaganda and education outline for the military parade in the capital on the occasion of the celebration of the sixtieth anniversary of the founding of New China’, produced by the PLA Logistics Department and published in the PLA News (*Jiefang jun bao*) on 10 February, it says that:

This military parade is a comprehensive display of the party’s ability to rule and of the overall might of the nation. It has a profound political significance in that it bolsters confidence in the party’s leadership and belief in socialism with Chinese characteristics... This Grand Parade is the first of its kind in the new century. It is a crucial manifestation of the recent victory of the people who have achieved the construction of an overall moderately prosperous society under the party’s leadership and represents the realisation of the great revival of the Chinese nation as a result of tireless struggle.

What was once fairly much of an internal affair observed eagerly by Zhongnanhai-watchers anxious to gauge the pecking order of China’s secretive leadership has become, this time around, quite a media circus. China’s leadership politics is as opaque as ever, but the parade remains an event primarily designed for the domestic audience. It is meant to educate, excite, unite and entertain. If a tad of ‘shock and awe’ is delivered around the world, all well and good. But as the old party cliché holds, such events must essentially satisfy the ‘two olds’ (*er lao*): the ‘Old Cadres’ (*lao gambu*) and the ‘Old Hundred Names’ (*lao baixing*), that is, the broad masses of Chinese people.

Having said this, we should remember that, apart from those up on the rostrum of Tiananmen Gate, the parade and the festivities are primarily produced for a TV audience (as well as spin-off internet and DVD viewers). As they have for 60 long years, the residents of the capital provide the fodder, the backdrop, the crowds, and the logistical wherewithal for the lavish display, but they are not its target audience. For the most part, locals are required to stay off the streets, keep indoors and make like the rest of the country: behave and watch the show on the tube. In the past, as in 1999, for instance, the masses were allowed out onto Tiananmen the following day to look at and be photographed with the amassed floats (*caiche*) that have featured in the day’s parade and the evening’s carefully managed ‘party’.

*Did China have a tradition of military parades before the rule of the Communist Party and, if not, what element of party psychology drives this?*

The first recorded details of this kind of ‘triumph’, to use a term familiar to your readers from Roman history, can be found in the ancient Chinese classic Book of Change (*Yi jing*). Dating from as early as the eighth century BCE, a second-century BCE version of this famous book of divination was unearthed in 1973. The well-known translator John Minford has used this version in his upcoming retranslation of the text.

In this second-century BCE text, Hexagram XXX, or Li, contains the following lines:

Yang in Top Place

The King

Goes to war.

A Triumph,

A Beheading.

Captives are taken,

Not from the enemy.

No harm.

In imperial times, victory parades were frequently organised for the emperor. In the Qing dynasty (1644–1911), for example, the emperor would review such displays from his throne atop the Meridian Gate (*Wu men*), the formal entrance to the Forbidden City, as booty and enslaved enemies were arranged in the large square below. Trophies included plundered riches, as well as the heads and left ears of enemies. Indeed, there is a specific and very ancient word, *guo*, that is specifically used to denote the left ear cut off a prisoner.

During the Qing era, the Kangxi emperor revived the ancient tradition of ‘tours of the south’ (*nanxun*), that is, imperial tours of the southern provinces. He made six such tours, which allowed him to familiarise himself with the newly conquered empire at the same time as displaying his imperial authority, as well as his vast military might. These tours were like a moving triumph or parade of strength. The most recent ‘tour of the south’ was

conducted by Deng Xiaoping and his entourage in 1992.

But there are other, more recent dimensions to such orchestrated displays. It shouldn't be forgotten that China and its Communist Party rulers have been enmeshed with Hollywood and its culture of spectacle for decades. Just as Taylorism and the idea of 'scientific management' in the US gave V. I. Lenin ideas about assembly-line production, time-management, and the power of statistics in the Soviet Union, so too has Hollywood long been giving China cues about staging public events. Early Hollywood mega flicks and cinematic versions of the Ziegfeld Follies fed into both Soviet and Chinese designs for mass rallies and proletarian *tableaux vivants*. Hollywood turned choreography and synchronised gymnastics into mesmerising cinema. The socialist world adapted such cog-in-the-machine balletics to celebrate the state and its unrivalled power.

The Chinese revolution featured parades from its earliest days. Of course, I'm referring to the Republican revolution of the 1910s (now all too easily forgotten or overshadowed by the successful Communist insurgency of 1946–49). Yuan Shikai, president of the republic, reviewed troops from the newly built Xinhua (New China) Gate, built as the formal entrance to the government compound of the Lake Palaces (*zhongnan hai*), which is still the heart of the country's political power. He even mounted a steed and joined the review himself along what is now Chang'an Avenue.

Local parades have been a feature of the Communist Party's revolutionary politics since the 1920s. Party organisers encouraged local uprisings and then enjoined the peasants to parade members of the gentry before ritual denunciations and executions. Similar displays, called *youdou*, were a common feature of life in the early years of the People's Republic and again during the Cultural Revolution. Ritualised public displays of criminals in lorries before and after public trials and executions have also been a feature of party rule. However, the days of violent and militant slogans in National Day parades, and before an international audience, although common in the 1950s and 1960s, are long gone. Now harmony and light reign supreme.

*Over the life of the People's Republic, the National Day celebrations have been a barometer of the national psyche at that moment. As you see it, what are some of the*

*most revealing moments or details from previous military parades and mass spectacles?*

One favourite but rather recondite moment (given the fact that the documentary footage is something of a rare item) is the extravagant 1969 parade when army soldiers paraded their killing skills for the leader, Mao Zedong. The official, though later banned, film of the parade shows how they had been instructed not to point their bayonets at the rostrum of Tiananmen, where the sacrosanct Great Leader stood to witness the spectacle. The 1984 parade celebrating the 35th anniversary of the People's Republic and, by fortunate coincidence, Deng Xiaoping's 80th birthday, featured a rare spontaneous moment: a group of Peking University students marching in the parade held up a home-made sign that said '*Xiaoping, nin hao!*' (Hello, Xiaoping!). Of course, the official filmmakers didn't have the outburst in their script, so they failed to capture the moment on film. After discussion, negotiation and high-level agreement, the spontaneous outburst was restaged, filmed and duly edited into the official account of the parade. Such good-natured outpourings of emotion have not been a feature of subsequent National Day parades, of which the 1989 celebration, coming so soon after 4 June was particularly grim. Perhaps this 1 October some fortuitous event will slip through the heavily policed merriment of the occasion?

*I noticed that in 1999 the 'long live' slogans seem to have been set aside. What are some of the details you will be looking for this time as a measure of the Chinese state of mind?*

The selection of slogans has always been a gauge of the party-state's mood at the moment of the parade. Sadly, since the 1980s, the lacklustre bureaucratise of Deng Xiaoping and his technocratic successors has consistently assured us of bland and turgid sloganeering. Invariably, this time around there will be the usual nostrums related to Hu Jintao's much touted but deeply troubled 'harmonious society' (*hexie shehui*) and the 'scientific developmental strategy', which is his vaunted theoretical contribution to 'Marxism-Leninism-Mao Zedong Thought-Deng Xiaoping Theory and Jiang Zemin-ideas'. These will appear along with the usual array of wholesome homilies in the national media.

National unity will also be a feature, something aimed at symbolically assuring everyone that the borderland uprisings since 2008 are but the work of a few malcontents in cahoots with international splittist schemers. Those in doubt just have to see the police and military hardware that will be out in force. And, I daresay, as with the Olympic Opening Ceremony, there will be a series of vague formulations about China's peaceful rise on the world stage and its non-aggressive and inclusive approach to global affairs. As we all know, design by committee might produce good mass spectacle, but anything truly inventive or quirky ends up as an outtake. Zhang Yimou, the overall director of the civilian parade and party, is more than familiar with the painful necessity to 'shoot your babies'.

# Fiji

14 April 2009

THE AGE

BRIJ V. LAL

## Fiji: the cruel hoax

On 9 April, the Fiji Court of Appeal, the country's second-highest court, ruled that the December 2006 military coup against Laisenia Qarase's democratically elected government was illegal, as was the installation soon afterwards by President Josefa Iloilo of Commodore Frank Bainimarama's interim administration. The president's supposed sovereign powers were found to be nonexistent. He was required to work within the provisions of the 1997 constitution and the court recommended the president appoint a distinguished Fiji citizen, other than Laisenia Qarase or Bainimarama, to head a caretaker government and prepare the country for fresh parliamentary elections.

Later that evening, Bainimarama, appearing relaxed and informal, told the nation that he had resigned as prime minister and was returning to the barracks. Many in Fiji applauded, thinking that the rule of law might now

finally prevail. This optimism was short lived.

Bainimarama's words were a cruel hoax played on an unsuspecting nation. The next day, President Iloilo addressed the nation. He praised Bainimarama's interim administration for creating 'opportunities for new ideas' and for adhering to the president's controversial mandate. Then, in a statement full of strange irony, he said that to 'facilitate the holding of true democratic and parliamentary elections', he was abrogating the 1997 constitution (for which he, then serving as a senator, had voted), appointing himself the head of state and revoking the appointment of all judicial officers. By Saturday morning, Iloilo reappointed Bainimarama as interim prime minister. The old regime was back in office, back in business, in a new set of clothes.

The regime's supporters argued that the Appeal Court's decision left Iloilo with no option but to abrogate the constitution. This is simply not true. Exercising emergency powers, the president could properly have appointed an interim cabinet to take the country to the next parliamentary elections. But the president was not the free, impartial head of state the world imagined him to be. Visibly in ill health, painfully struggling through a speech written for him, he was, in truth, an instrument in the hands of the military.

The military wanted the constitution abrogated, and they used a pliant president to do the deed, to give the treasonous action a semblance of legitimacy. A titular head of state, akin to the Governor-General in Australia, was expected to protect the honour and integrity of the constitution; instead, he trashed it at the behest of the military. In effect, he carried out the country's fifth coup in two decades. Fiji is under hastily decreed emergency regulations. Freedom of movement and speech are severely curtailed, and military and police are stationed in the country's media offices to monitor the publication of news. The media had already been under attack, with land forces commander Pita Driti threatening to shut down the *Fiji Times*. The home of the newspaper's editor, Netani Rika, had been the target of a fire bomb a week ago. Other prominent pro-democracy leaders were similarly attacked. Intimidation is working. Self-censorship is the order of the day in Fiji.

There is no doubt whatsoever that the country is effectively run by a

shadowy Military Council. Commodore Bainimarama has publicly admitted heeding their advice. So what does the military want? They said, when they took over government in December 2006, they wanted to clean the country of corruption. But the 'clean-up' campaign has lost all credibility. No one has been prosecuted so far.

The military says they want Fiji to have a new electoral system, the proportional representation open list system, not the alternative vote system now in place. There is emerging consensus that Fiji needs to move away from its present race-based, quasi-consociational (power-sharing) system. Whatever electoral system is in place, unless there is basic respect for the rule of law, nothing will work. The real cause of political instability in Fiji is not its electoral system, but a large standing army in an unruly environment characterised by a blatant disregard for the verdict of the ballot box. Unless the military is reined in or its size substantially reduced, Fiji's political stability will remain at risk. But the military sees for itself an enhanced role in the public life of Fiji and any new constitution that is drawn up will shore up the military's power. The military wants to introduce the principles of good governance through a so-called people's charter. Full of motherhood statements about how to run a happy and harmonious society (Sociology 101, in truth), the charter is a mantra its officers chant ad nauseam. While the charter is a harmless enough planning document, the military sees no irony in introducing good governance principles at the point of a gun and against the wishes of most indigenous Fijians, if the stance of the Methodist Church, the Fijian Teachers Association and the former ruling Soqosoqo Duavata ni Lewenivanua (SDL) party is anything to go by. Bainimarama and his Military Council have ignored the advice of Fiji's regional neighbours, represented by the Pacific Islands Forum leaders. The Commonwealth Secretariat's plea for dialogue and peaceful resolution of the impasse has similarly fallen on deaf ears. The European Union's funds for the restructure of the country's ailing sugar industry are on hold. The immediate future of the Fijian economy looks grim. In these times of global financial crisis, no one will invest capital in an environment characterised by systemic political instability. Two weeks ago, Bainimarama instructed his permanent secretaries to cut the operating

budgets of their departments by 50 per cent. And the Reserve Bank has placed strict financial control on capital outflow.

These, more than anything else, give the truest picture of the dire situation facing Fiji. As the impasse remains unresolved and the political dialogue process stalls, as the military entrenches its position and as the international condemnations continue, Fiji does not have much room for optimism as it looks to its immediate future.

In 1985, Fiji was described by Pope John Paul II as ‘the way the world should be’. That period has now vanished beyond recall. After several coups in the past two decades, Fiji is, sadly, on the way to becoming the ‘Burma of the Pacific’.

*18 April 2009*

NEW ZEALAND HERALD

JON FRAENKEL

## **Coup leader's brittle strategy**

The decision by Fiji's military-backed government to abrogate the constitution, sack the judiciary and suspend elections until 2014 was met with international outrage. Yet the reaction within Fiji has been much more muted.

In Thailand and Madagascar, protestors rallied to the defence of governments ousted by coups. In Fiji there has been a sullen—if begrudging—acceptance of the 27-month-old military regime, despite its preparedness to now tear up fundamental laws. A few courageous barristers turned up to protest outside courts in Suva and Lautoka when they reopened

after the Easter break, but this was nothing like the reaction in Pakistan, when furious lawyers took to the streets in their black gowns to demand the reinstatement of their chief justice.

In contrast, Fiji's Chief Justice, Daniel Fatiaki, who was ousted shortly after the December 2006 coup and accused of corruption, reached a F\$275,000 (NZ\$216,000) out-of-court settlement with the interim government in December 2008, which allowed him to settle quietly into retirement with full pension and other benefits.

That an uprising was possible in the wake of last week's crisis is suggested by the reaction of interim Prime Minister Frank Bainimarama, who had himself reappointed as 'caretaker' prime minister.

In press conferences, Bainimarama chose to be flanked by his fellow white-uniformed naval officers Viliame Naupoto and Esala Teleni, notably not the top-ranking army officers, who are known to be harbouring grievances at being passed over for promotions or lucrative civil service appointments. That was an indication of which loyalties can be most counted upon at a time of crisis.

To present an image of normalcy and continuity, ministers were all sworn into their same portfolios in the wake of the abrogation of the constitution. Military minders were sent into the newsrooms of the local media organisations, foreign journalists were expelled and the signals from Radio Australia were jammed in an effort to avoid 'negative publicity'. That need to control the news was a sign of the regime's weakness, not its strength or popularity.

The military command has been careful to avoid any potential flashpoints. When deposed Prime Minister Laisenia Qarase departed for his home island of Mavana straight after the December 2006 takeover, it came as some relief to the military authorities. For months, the local airlines and shipping companies were forbidden from carrying him back to the capital, for fear his return might serve as the focal point for popular mobilisation. When the courts intervened and allowed Qarase to return in September 2007, the political temperature suddenly rose and Bainimarama responded by reintroducing emergency regulations. But nothing happened.

Ethnic Fijians sit around the *yaqona* bowls and curse the military commander, wishing upon him a grisly end. They talk of his heart condition, and the demons that allegedly haunt him at night. But they do not act. Indigenous Fijians have a tradition of subservience in the face of violent and oppressive overlords. Chiefs who rule badly are rarely dislodged. Instead, rivals wait patiently for such leaders to die and then conspire to ensure their sons do not inherit their titles.

Lack of popular resistance in the face of coups is not new in Fiji. In previous coups in 1987 and 2000, the victims were predominantly politicians representing the country's Fiji Indian population. An indigenous Fijian, Dr Timoci Bavadra led the short-lived 1987 coalition government, but its voter base was mainly amongst the Indians. Mahendra Chaudhry's 1999–2000 government had some Fijian allies, but most had drifted away by the time of the coup on 19 May 2000. Few ethnic Fijians mourned the ousting of either government. Lack of open defiance to those coups by Fiji Indians was frequently—if rather feebly—explained by small physical stature, as compared to the burly rugby-playing indigenous Fijians. More sensibly, outward migration seemed to provide a safety-valve for aggrieved Fiji Indians, more than a hundred thousand of whom departed between the 1987 and 2006 coups.

What is now obvious is that ethnic temperament had little to do with quiescence in the face of coups. It has been the military's monopoly on armed force that discourages the country's citizens from taking to the streets, and fear of this afflicts the indigenous Fijians as much as it does the Fiji Indian minority. In all Fiji's coups, it has been the stance of the military that has been decisive—which is why Sitiveni Rabuka's coup in 1987 succeeded, why George Speight's coup in 2000 failed, and why Frank Bainimarama is now able to contemptuously toss aside Fiji's constitution.

What distinguishes the 2006 coup, however, is its lack of a firm social base outside the military, which gives the political situation a brittle and, indeed, dangerous character. When the military seized power in 1987, many ethnic Fijians rejoiced. The former Prime Minister, Ratu Sir Kamisese Mara, was soon back and, under a new constitution, coup leader Rabuka was able

to get himself elected in 1992 and again in 1994. The 2000 coup was also popular amongst indigenous Fijians, even if there was some disdain amongst the mainstream for George Speight and his lunatic fringe.

Most, like Bainimarama and the military, initially, accepted former banker Laisenia Qarase as the moderate alternative to Speight. As a result, Mr Qarase's Soqosoqo Duavata ni Lewenivanua (SDL) party was able to grow his support from 50 per cent amongst indigenous Fijians at the 2001 polls to over 80 per cent at the May 2006 polls. By contrast, when Bainimarama seized control in 2006, those who rallied behind him were mainly from the country's Fiji Indian population. Mahendra Chaudhry, whose Fiji Labour Party obtained over 80 per cent of the Indian vote at the elections of May 2006, joined the cabinet as finance minister as well as assuming the national planning, public enterprise and sugar portfolios.

Chaudhry was pushed out of the cabinet in August last year, and Fiji Indian reaction to the coup has become more ambivalent. Fiji Indians, who for the most part lack the safety net of owning land in rural villages, have been hit hard by last year's fuel and food price rises. This year, they face the triple whammy of long-term decline in the sugar industry due to the ending of European Union price subsidies, Bainimarama's coup-generated domestic decline and the impending arrival of an overseas-originated slump in tourist arrivals, remittances and commodity prices. On Wednesday, the Fiji dollar had to be devalued by 20 per cent.

In the president's abrogation speech last weekend, it was claimed that 64 per cent of the population support Bainimarama's People's Charter, which contains proposals for radical electoral reform. In fact, that figure is wildly overinflated, and the consultation exercises that generated it were deeply flawed. The decision to put off elections until 2014 is a better indication of the regime's own perception of its likely electoral fortunes.

Is it possible that military might, and popular passivity, might endure for years, giving Bainimarama time to discredit his adversaries, train up the supporters of his new order and so reshape the political order? That is unlikely because—like many other soldiers entering politics—he has shown himself to be poor at cultivating allies or handling opponents, and still worse

at managing the economy. More likely, Bainimarama's coup will go the way of its predecessors, in 1987 and 2000, none of which have succeeded in establishing a durable and resilient political order.

# India

28 November 2008

SYDNEY MORNING HERALD

SANDY GORDON

## Not just India's problem any more

The US State Department has consistently listed India as the country with the second-highest number of terrorism casualties after Iraq. However, Western media have given scant regard to the problem and this is sometimes resented in India. All that is likely to change with yesterday's attacks in Mumbai. Mumbai has been at the epicentre of India's terrorist problem, but there have been many attacks in other key cities.

Terrorism in India is perpetrated by a number of groups, including Maoists in eastern India and separatists in the northeast and Kashmir. But one of the most persistent and costly problems has been so-called 'violent jihadi' terrorism in India's major commercial and administrative centres.

Indian authorities and commentators point to Pakistan and especially the secretive Inter-Services Intelligence (ISI), as having a hand in the Indian attacks. After an attack on the parliament in December 2001, India mobilised

against Pakistan and the two very nearly slipped into war—a frightening prospect for nuclear-armed powers.

It is clear that arms and training have been provided by Pakistani groups, such as Lashkar-e-Toiba; that the ISI has been heavily engaged in helping insurgents and terrorists in Indian Kashmir; and that Pakistan has refused to extradite accused terrorists to India. But there is no ‘smoking gun’ indicating direct involvement of Pakistani authorities in terrorist attacks outside Kashmir. On the contrary, most of those involved appear to be ‘home-grown’ terrorists intent on revenge against the activities of Hindu zealots, incensed by the poor socioeconomic status of India’s Muslims or inspired by the so-called ‘global jihad’.

Frequently members of the banned Students’ Islamic Movement of India, or SIMI, have been involved. Recently SIMI seems to have morphed into the Indian Mujahideen or at least acted with its members. The group claiming responsibility for yesterday’s attacks, Deccan Mujahideen, may be another example of such morphing.

The stakes in this ‘game’ of terrorism in India are extremely high. Exponents of violent jihad and political Islam would like to see an end to the India-Pakistan rapprochement over Kashmir, which has resulted in a diminution of Pakistani support for the Kashmiri separatists. If they could mount an attack of sufficient seriousness, the rapprochement could quickly unravel, especially in the highly charged climate of impending state and national elections.

Moreover, increased India-Pakistan tension would be highly damaging to the broader ‘war on terrorism’. It would draw Pakistan’s security efforts away from the western frontier and give virtual free rein to the militants in the tribal belt to operate in Afghanistan.

The attacks also target commercial and IT hubs, such as Mumbai, Bangalore and Hyderabad, apparently with the purpose of undermining India’s economic renaissance. They also target communal hotbeds, such as Malegaon, and important religious centres, such as Varanasi. The apparent purpose is to fan communal unrest (Hindu-Muslim rioting) and thus drive Muslims to support militancy.

It is this strategic targeting, among other things, that has prompted accusations by Indian commentators of official Pakistani involvement. But, given that many of those terrorist leaders are well educated, especially in technology and science, it is possible that they, themselves, are capable of picking strategic targets.

Moreover, there is also an evident motive of revenge apparent in some of the targeting. Several attacks in Mumbai, including the rail bombings of 2006, have apparently targeted lines, business places and suburbs frequented by the Gujarati Hindu business community, evidently in revenge for the terrible rioting against Muslims that occurred in Gujarat in 2002. In those riots, the authorities—under a Hindu-leaning government—turned a blind eye to the horrors and failed subsequently to prosecute their alleged perpetrators.

A successful counter-terrorism campaign requires that two things be done well: investigation and intelligence to catch those involved and pre-empt attacks, and alleviation of the conditions that give rise to terrorism. India's record in the first of these has been patchy. Investigatory and forensic skills have not, on the whole, been well honed. Where the authorities have done very well is to keep the lid on the difficult communal situation after terrorist attacks. With the exception of Gujarat, there has not been widespread communal unrest after what are frightful terrorist attacks.

Long-term alleviation of the situation of Muslims is more problematic. Here the Congress-led coalition is caught between the rock of needing to act affirmatively to assist the community and the hard place of reaction to such action fanned up by the so-called 'Hindu right', led by the Bharatiya Janata Party (BJP). Should a BJP-led coalition win next May's national election, the outlook for Muslim regeneration would probably be bleak. The BJP is making considerable political play of the Congress government being 'soft' on terrorism. Consequently the government is contemplating toughening the counter-terrorism laws.

Moreover, there has recently emerged a violent Hindu reaction to the growing problem of jihadi-inspired terrorism. What India is experiencing is well short of the kind of violence and counter-violence in Lebanon and Iraq. Given that 140 million of India's 1.1 billion are Muslim, that would be

a development not to be contemplated. After each such attack, India seems able to pick itself up and resume where things left off.

14 February 2009

CANBERRA TIMES

MAXINE LOYND

## India's Obama rises

In the late 1960s a small girl and her family set out from a Delhi shanty town to visit her grandparents in one of the many thousands of villages dotted across India. It was a long journey and her parents began to chat with their fellow passengers on the bus. All was well until someone asked where they would be staying in the village. When her parents revealed that their destination was the Chamar mohalla—the area usually found on the outskirts of a village populated by people on the lowest rung of the caste hierarchy—the other passengers stopped speaking and the girl recalls them physically shrinking away from her family. Her mother explained to her that the caste to which her family belonged was considered by other Indians to be low and unclean. Her response, she said later, was to ‘hate the caste system with all my might’.

More than forty years later this little girl, known simply as Mayawati, has become the unchallenged hero of lower castes across much of north India. Increasingly, she is also gathering support among other oppressed (and not so oppressed) groups across India. Last year *Forbes* magazine named her as one of the world’s one hundred most powerful women.

In May 2007 Mayawati became chief minister of India’s largest state, Uttar

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Pradesh, for the fourth time. With Uttar Pradesh's population numbering around 170 million people, this makes her responsible for more people's lives than the leaders of Pakistan, Bangladesh, Russia or Japan. On taking the oath of office she declared that 'Nobody can stop me from becoming prime minister.'

If you haven't heard of the 53-year old, it's no surprise. State politics in India rarely makes international news, and so far Mayawati's direct influence has been limited to Uttar Pradesh. But after her outstanding win in 2007 and with her party steadily gaining seats in other states, her ultimate goal is no impossibility. If she does become prime minister, she will be unlike any other Indian leader we have seen.

If she fulfils her dream, some are even suggesting that she should be seen as India's counterpart to Barack Obama, a representative of a historically oppressed segment of society reaching the pinnacle of political power. That's not because she's a woman but because she is a Dalit, the caste historically known as 'untouchables' and referred to under the Indian constitution as 'Scheduled Castes'. How she became so politically powerful in a society which, despite what many urban middle-class Indians may like to think, is still riddled with caste discrimination, is a compelling story.

The Dalits in Uttar Pradesh love her, coming in their thousands from far-flung villages to hear their Behenji (respected sister) speak at political rallies. She tells them that she is proud to have been born into a Dalit family. Caste continues to be the primary reason for their experience of discrimination, oppression, violence, poverty and general exclusion from wider society. Hearing Mayawati take pride in her caste and refuse to accept its traditionally negative value is an empowering experience for those who attend these rallies. In Uttar Pradesh in particular, Dalits claim that her leadership and political success has provided them with dignity and the courage to speak up against their oppressors.

In the big cities of Delhi and Mumbai, meanwhile, the urban middle classes feel alienated from her culture and idiom and fear her influence. Mayawati as a chief minister is one thing but an India with her as prime minister points to a disturbing new world in which they may not find a

place. As a Hindi-speaking Dalit, she shares neither their culture nor their language.

Mayawati was born on 15 January 1956, the second of nine children from a family who originally hailed from the village of Badalpur in Uttar Pradesh. Unlike most of India's Dalits, she grew up in the city, in the lower-middle-class Delhi suburb, Inderpuri, after her father was transferred there by the posts and telegraphs department. Her father, a low-level clerk, had access to a regular, if modest, salary, but with nine children the family's living space was cramped and life was difficult financially.

But Mayawati's family was able to send her to a government school and understood the importance of education as a means to a better life. Her father encouraged her to study to become a district collector, a government post which would give her both financial security and a significant amount of power. The family wasn't overly political but—like a lot of Dalit families—each year they would attend festivals celebrating the life of Ambedkar, a Dalit who had become a government minister and who wrote extensively about the condition of the lower castes and how the oppression could be overcome. This early access to a radically different way of thinking about society coupled with her own life experience had an enormous influence on the young Mayawati.

Although she doesn't appear to have been a brilliant student, Mayawati was a hard worker. She went on to university and gained a bachelor of arts and a teaching qualification. While working in Delhi as a teacher and studying for a law degree she became interested in Dalit politics; she was first noticed by the founder of the Bahujan Samaj Party, Kanshi Ram, when she spoke out passionately at a public meeting against an upper-caste politician who referred to Dalits as *harijan*, a term coined by Mahatma Gandhi that is considered patronising by Dalits. She condemned Gandhi, got people to chant slogans and brought Dalits in the hall to their feet.

The driving force behind Mayawati's passionate brand of politics is her desire to end caste discrimination and usher in a society that pays more than lip service to the ideals of equality and fairness. Officially, the practice of untouchability and caste discrimination was outlawed in the Indian

constitution in 1950. Unofficially, this did nothing to change the daily lives of millions of Dalits across the country, even after the Prevention of Atrocities Act was introduced to enforce the constitution and bring perpetrators of caste violence to justice.

Discovering the role caste plays in contemporary India is not straightforward. Some urban-educated Indians argue that caste hasn't existed as a social institution since independence and so it no longer has any bearing on people's lives. But a closer look at the lives of Dalits, and in particular those who live in the rural areas (along with about 75 per cent of the population), reveals a disturbingly different story. Caste does matter. Sometimes it merely operates in ways that cause annoyance—a social slight from someone in a higher-caste family, or an upper-caste parent discouraging their children from playing with Dalit children. At other times caste has a profound impact on physical, emotional and economic wellbeing.

A recent Action Aid study of more than 500 villages across 11 states found significant discrimination in the provision of public services, including the denial of barber services (in almost half of surveyed villages), separate seating in restaurants (a third of villages) and separate utensils in restaurants (a third of villages). It takes only a little imagination to consider the psychological impact of being part of a group forced to use separate cups and forks in your local restaurant so that you don't 'pollute' other customers.

Of even greater concern is the fact that physical violence against Dalits is not a thing of the past. The National Crime Records Bureau reports that each day two Dalits are killed and three Dalit women are raped; a Dalit is assaulted every 18 minutes. Newspaper reports and activist web sites are awash with examples of violence and discrimination occurring across the country—primarily in rural areas.

Under existing Indian law everything from segregated seating in a restaurant to assaults and murder is illegal. The problem lies not with the law but with the state's ability and will to implement the law. With neither political nor economic clout, Dalits find it hard to get local police to register complaints against influential landowners or those with money and power.

The Bahujan Samaj Party (BSP) entered the Uttar Pradesh political arena

in 1984 with the goal of fighting for the rights of oppressed segments of Indian society. While mainly focusing on Dalits, the party's rhetoric always included non-Dalit groups such as Muslims and other oppressed castes. At the time, the party was keenly aware that winning electoral power required Dalits to adopt a more confident approach. Using symbols, language and idioms which were familiar to her audience, Mayawati spoke at length at rallies; with her fire and passion she motivated people to cast votes for the party rather than supporting whoever the local landlord told them to vote for. She built statues of Dalit heroes (including herself and Kanshi Ram) in towns and villages, asserting the right of Dalit identity to be celebrated in the public sphere. A well-trained and committed BSP cadre travelled extensively by foot, bicycle and train to spread the message and enlist support.

Upper-caste/class journalists have mocked Mayawati's approach, calling her a crude 'casteist' politician and even accusing her of murdering language (the ultimate insult from the cultural elite but not one that she particularly cared about). They accuse her of corruption and point to the wealth she has accumulated while in politics.

But the BSP went from strength to strength, culminating in its majority win in 2007. Mayawati had been chief minister three times between 1995 and 2004, but always in unstable coalitions for short periods. Knowing her time in power was likely to be short lived, she aggressively pursued the transfer and promotion of Dalits and loyal party workers into key government positions. The efficacy of this approach supports Mayawati's long-held belief that the emancipation of oppressed groups requires a one-point plan—win power.

Mayawati's early success was largely due to her ability to forge a political identity from the cultural and social identities of Dalits and their common experience of oppression. But the numerical strength of Dalits in India (a little more than 15 per cent) was never going to be sufficient to win power outright.

The 2007 state election demonstrated Mayawati's ability to build cross-caste alliances and appeal to a wider section of the electorate on the basis of economic and social issues facing people across the state. As far back as 2002, she shrewdly began to build support for the BSP among Brahmins,

who are traditionally at the top of the caste structure. Her appeal to Brahmin fears of middle-caste assertion was supported by a series of Brahmin rallies where she showed herself to be just as capable of tapping into upper-caste symbols. In villages across Uttar Pradesh the BSP also set up Dalit-Brahmin Brotherhood Committees to work together on social issues and election strategy. Her approach paid off, with the party increasing its share of Brahmin votes in the state election from 6 per cent in 2003 to 17 per cent in 2007.

Mayawati campaigned on a platform of law and order, and on a promise of development for all people in need, irrespective of their caste. Coupled with some careful handing out of party tickets to ensure castes from across the board were well represented, this was enough to win her power.

In a country plagued with such a significant disparity in wealth between the top and the bottom—135 million out of the 188 million households are considered deprived—and with 59 per cent of Dalits in Uttar Pradesh living below the poverty line, it is significant that the BSP fights for the rights of the oppressed via the ballot box. At times this focus has attracted criticism from Dalit activists, but the leadership obviously believes that a violent quest for social change is usually paid for disproportionately by the poor.

Since the decline of Congress Party dominance, it's a brave person who tries to predict the outcome of an Indian election. This doesn't stop Indian psephologists—but they frequently get it wrong and never more spectacularly than in the last general election when the vast majority of them assumed that the Bharatiya Janata Party (BJP) with its 'India Shining' campaign and emphasis on the trappings of a middle-class existence, was a certainty to win. Few thought to consider the relevance of a successful call-centre industry to a drought-stricken farmer or what a bullish stock market might mean to a rag-picker.

The most likely result of this year's national election is a hung parliament, not an unusual outcome for India. If Mayawati manages to win around fifty seats she may find herself the leader of the third-largest party in the Lok Sabha and both major parties will have to negotiate with her if they hope to form government.

Mayawati's temperament is the unpredictable element in this scenario. She cares nought for what other politicians and the elite think of her and doesn't hesitate to let them know. It isn't clear whether she will give her support to one of the major parties in order for them to form government. If she does she is likely to extract weighty concessions. One possibility is that she will offer support to either Congress or the BJP in return for the position of deputy prime minister.

Of course, there is another possibility—a long shot but a possibility nonetheless. In this scenario, the BSP, the left, and various regional parties would come together to form a non-Congress, non-BJP coalition government, with Mayawati as prime minister. If a third-front alliance did come to power, this Dalit *ki beti* (daughter of a Dalit) will have come a long way from that bus ride to her grandparent's village, and the hopes and aspirations of millions of Indians will shift irrevocably.

14 April 2009

INSIDE STORY

KATE SULLIVAN

## Looking for Youngistaan

There probably aren't too many 81-year olds who have an iPhone and their own blog. Lal Krishna Advani does. He can also put his name to a number of websites, a Facebook group and over 250 YouTube clips. But Advani's subscription to cyberspace shouldn't come as a surprise. As prime ministerial candidate for the Bharatiya Janata Party (BJP), in India's upcoming national elections, he is one of scores of political candidates who are using blogs,

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A longer version was posted on *Inside Story*, <http://inside.org.au/looking-for-youngistaan/>, 14 April 2009.

text messaging, video platforms and social networking sites to reach out to Indian voters. Welcome to e-campaigning in these, the largest and most plugged-in elections in democratic history. And meet the target constituency: India's colossal youth electorate.

In a nation where a quarter of eligible voters are now between the ages of 18 and 25, the 2009 elections will see a potential 100 million young Indians heading to the polls for the first time between 16 April and 13 May. This isn't any old India, as PepsiCo's recent series of TV commercials suggests, this is 'Youngistaan', the Land of the Young. And just as the demographic reality of India's youth bulge hasn't passed soft drinks corporations by, neither has it escaped the attention of India's political hopefuls. In the run-up to the elections, national and regional parties alike have been anxiously reworking their campaign strategies to appeal to Young India.

At the heart of this drive is Obama-inspired online campaigning. Stirred by the Democrats' success in the United States, India's major parties have been eagerly integrating the internet into their election drives. The BJP, leading party of the National Democratic Alliance, one of two coalitions competing for power, commands the biggest political web presence in the country. It has also seen fit to advertise on more than 3000 websites and target some half million subscribers with a daily email dispatch.

Equally keen to make waves on the web has been the BJP's major rival, the Congress Party, which heads the ruling coalition, the United Progressive Alliance. Its party website offers a downloadable ringtone of 'Jai ho', the signature tune to the award-winning film *Slumdog Millionaire*. Quick to cash in on the film's popularity with young voters, Congress acquired rights to the song and rejigged the lyrics to harmonise with its campaign.

One of the biggest challenges facing Indian parties is the very real task of getting these new voters out to the polls. While turnout in the 18–24 age group was higher than 50 per cent at the last four national elections, it was persistently lower than that of older voters. There were also stark differences in turnout patterns across the rural-urban divide. According to Sangeeta Talwar, only 10 per cent of urban youth voted in the last elections. Her company, Tata Tea, has backed a young team from the Bangalore-based

NGO, Janaagraha, in their 'Jaago Re!' (Hey, wake up!) campaign, a non-partisan 'enabling platform' aimed at demystifying the political process and encouraging voter registration. The Jaago Re! web interface is chatty and user-friendly, urging visitors to get themselves onto the electoral roll. Yet for all its inclusiveness, the website's entire content—except its Hindi slogan—is in English, a language which remains the preserve of a minority in India and has limited hope of reaching out to a broad group of young people. As the Delhi-based online research company JuxtConsult revealed recently, only 13 per cent of internet users in India prefer to read online content in English.

Language issues aside, it's difficult to get a sense of just how many Indians use the internet. The BJP's IT cell puts the number at a staggering 250 million, which may explain the party's enthusiasm for web-based campaigning. But more conservative estimates, like the one from JuxtConsult, of 47 million in January 2009, paint a less optimistic picture of the effectiveness of cyber-shortcuts. Estimates see the influence of the internet on election results as limited to about 50 seats out of an available 543. The reality is that most of India's voters live in rural areas where internet access is limited or nonexistent.

Reaching out to the electorate with Advani's iPhone might be a better bet. In the state of Gujarat, the BJP has created a database of 25,000 mobile numbers which it targets with bulk messaging. Mobile phone technology is more widely used in rural India than the internet: at the start of 2009, the total number of wireless telephone connections stood at over 360 million, according to the Telecom Regulatory Authority of India. Tagged the 'next accelerator' for mobile growth, the rural market is the new target of telecoms companies, who are working together to bring infrastructure to remote areas quickly and cheaply.

Wooing the plugged-in generation might seem like a very contemporary way of tapping into Young India, but strategies for appealing to youth are not entirely new and nor are they limited to websites, YouTube or the blogosphere. Making brands out of politicians has been a common and enduring theme of the Indian election scene. Cricket icons and film stars are revered by young Indians: either as political sidekicks, or as candidates

themselves, many of them have stolen the show at election rallies. Other methods of attracting India's youth vote centre on a more personal touch. Rahul Gandhi, the young face of the Congress Party, and fourth generation member of the Nehru-Gandhi dynasty that has monopolised Congress leadership since Indian independence, has engaged in campus rallies and visits to villages and slums. In the midst of a frenzied campaign he still finds time, and an internet connection, to maintain contact with supporters through Facebook and email. His tactics exemplify the mix of old and new which characterises the Congress approach to politics. The traditional bent of the century-old party is reflected in its recognition that the majority of voters live in rural areas and can still only be reached through conventional means. Despite Congress's reluctance to buy completely into e-democracy, what this year's campaigning shows is a paradigm shift, with the words 'young' and 'politics' linking hands in the media and skipping through a number of election manifestos. Yet the Young India obsession is not entirely new.

The celebration of the nation's youth has bubbled up, in part, from among India's elite. In 2002, former Indian President A. P. J. Abdul Kalam published his slim book *Ignited Minds*, which called for the awakening of young Indians to 'unleash the power within India'. Another national luminary, the co-founder of Infosys, Nandan Nilekani, also made conspicuous reference to the latent potential of India's youth in his recent book *Imagining India*. He presents India as 'a young, fresh-faced nation in a greying world' and its vast, young human capital as a 'demographic dividend' that is the key to future productivity and growth.

Politicians have been quick to seize on this rhetoric of progress and join in the heralding of India's dazzling, young future. Yet while the growing recognition of India's youth as major stakeholders in the country's progress has led to their political acknowledgement, it has not translated into a greater role for young Indians in the nation's political life. In fact, the number of MPs under the age of 40 accounted for only 11 per cent of seats at the midpoint of the most recent parliamentary term.

This might not be a top-down conspiracy, however. In a nationwide study conducted in 2008, the New Delhi-based company Marketing and

Development Research Associates found that two-thirds of voters prefer experienced political candidates to their younger counterparts. This helps explain why the 38-year-old Rahul Gandhi projects the fresher side of the Congress party, yet 76-year-old Manmohan Singh remains its prime ministerial candidate.

While the hype surrounding Young India may be paying homage to the country's greatest resource, the image of youth as a commodity rather than an active political force persists. Patterns of consumption in other parts of the world point to young people as a distinct 'market segment'. But does the logic of the generation divide translate so easily into India? Tellingly, Rukmini Bhaya Nair, a professor of English at the Indian Institute of Technology in Delhi, points out that youth 'is perhaps less foregrounded as a conceptual category in the Indian subcontinent than in many other societies'. According to Nair, 'Traditionally, the transitional years between childhood and full-fledged adulthood appear to be marked by a representational absence in literature and art.' This social invisibility of youth in the Indian context sits uncomfortably with the political rhetoric that proclaims its significance.

Yogendra Yadav, senior fellow at the Delhi-based Centre for the Study of Developing Societies, believes that young people in India do not 'constitute a distinct political constituency nor are they a section of population with distinct political preferences, attitudes and voting patterns'. According to the results of the National Election Study 2004, age impacts far less on voting choice than class, caste, locality or gender. This contrasts with the European experience, where younger voters are seen as drivers of recent political trends such as the emergence of Green parties. Yadav concludes that 'in their political opinions, the youth are not very different from the rest of the population'.

The main issue facing India's youth in the 2009 elections is the same one that confronts the population as a whole: there are no clear ideological poles to cluster around and no all-India issues to contest. While the Indian youth is numerically important, even if it could be accessed via the internet it is not a monolithic entity. New campaign methods certainly highlight India's new tech-savvy edge, but they speak the idiom of the middle classes and of

a more affluent and educated urban India, rather than that of youth. Some of the most avid users of the internet, India's journalists, have helped feed the media myth of Pepsi-swigging IT-literate, English-speaking youngsters who care about politics and are ripe for the picking.

So why the attachment to the iPhone, Advani? India's ageing political elites may be out of touch with the reality of India's young electorate but this hasn't stopped them envisioning a bright, young and shining India of the future. Embracing the value of forward-looking technology is one way of living on the cutting edge of that dream.

A glance at Advani's BJP manifesto reveals twin pledges to serve Young India's aspirations and bring broadband to its villages. It seems these elections and their victors will decide just how 'connected' the country's young demographic will feel to the political process of the future. For the moment, though, India's largest political website has little hope of reaching out to India's largest 'constituency'.

28 May 2009

INSIDE STORY

ROBIN JEFFREY

## India's elections: a bed of nails and roses

As an explanation for the results of India's 15th general elections, one particular picture perhaps is worth a thousand words—or 10 or 20 million votes. It shows an old man with spectacles, a white beard and a pale blue turban. His raised right hand acknowledges cheers, and his beard masks

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what may be just a hint of a smile. Next to him, slightly sturdier, is a good-looking, clean-shaven, clear-eyed young man. His hand also acknowledges cheers, and there is no question: he is smiling. He has a right to.

The duo is Manmohan Singh, 75, Prime Minister of India, and Rahul Gandhi, 38, grandson of Indira Gandhi, great-grandson of Jawaharlal Nehru and red-hot hope of his Congress Party. The picture appeared on 17 May, the day after election results showed that the Congress had surpassed every prediction. In India's first-past-the-post elections, it won 206 seats in the 545-member lower house—60 more than it had held in the previous parliament.

Having governed for the previous five years through an unwieldy coalition, the Congress last week found it relatively easy to line up the necessary allies to form a new government.

As analysts ponder reasons for the Congress success, the picture of the clever, honest older man and the pedigreed, untried (but also untainted) younger one looms large. It is particularly potent when placed against the images of the Congress Party's various rivals. L. K. Advani, the 81-year-old leader of the opposition Bharatiya Janata Party (BJP), led an uninspired campaign that was unable to make poverty or national security vote-grabbing issues. The BJP's other leaders lacked glamour, fire and ideas. The party's attempt to rev up Hindu-nationalist enthusiasm by defending an anti-Muslim speech made by Rahul Gandhi's clodhopping cousin, Varun, flopped. Indeed, the episode may have drawn Muslim voters back to a Congress Party from which they had drifted. (Varun, however, won the seat he contested for the BJP).

If you had gone to the polling booth uncertain of whom to vote for but with images of Advani and of the Manmohan-Rahul combination in your head, your finger on the button of the electronic voting machine (EVM) might well have twitched in the direction that would support the wise elder and the young brave. (You would not, however, have had the chance to vote for Manmohan Singh. Not much of a stump politician, he sits in the indirectly elected upper house of the parliament.)

Of course there was much more to it than that. Attempts to divine the

‘mind of the Indian voter’ are notably unrewarding. That’s not surprising, given that there are more than 700 million eligible voters and more than 400 million of them voted—and that India has 22 official languages and 350 million mobile phones. And major newspaper industries operating in 10 different scripts. And more than 50 television news channels feeding into 110 million television households and working in all the big languages. If there were a ‘mind of the Indian voter’, it would be a delirious place.

What this election does suggest, however, is that the communications revolution that is transforming India creates possibilities for ‘nation-wide’ movements and verdicts. This contradicts the assumption that as more and more local groups have organised to take part in politics, India’s electoral system would fragment and that India’s destiny lay in a succession of shaky coalition governments based on constantly changing alliances of regionally based parties.

To be sure, the Congress Party is a long way from its days of dominance when it commanded comfortable majorities in its own right. But in 2009 it has won seats in every major state and, to most observers’ surprise, it is back in business in north India where it won 70 out of 191 seats across six states.

The Congress got just over 27 per cent of the votes cast, which delivered 38 per cent of the seats in the Lok Sabha (house of the people—the lower house of the parliament). The BJP, which led a coalition government from 1999 to 2004, won 18 per cent of the vote and 116 seats (21 per cent of the seats).

The next largest vote-share went to the Communist Party of India (Marxist) (CPI(M)) with just over 7 per cent. But the CPI(M) was rolled back to 16 seats from the influence-wielding 45 it held in the previous parliament.

This may be the end for India’s two old Communist parties, the CPI(M) and the even weaker CPI (down to 2 seats from 10). In its citadel of West Bengal state, where it has governed for 32 years, the CPI(M) was overrun by the party of fiery 53-year-old Mamata Banerjee. Her Trinamool Congress won 19 of West Bengal’s 42 seats; the CPI(M)’s total fell from 26 to 9.

Banerjee, who will be railways minister in the new government, is already calling for the dismissal of the West Bengal state government and new state elections. Such elections are due only in 2011. In Kerala, another CPI(M) stronghold, the party also faces state elections in 2011—and was also thrashed (down from 12 seats to 4).

The CPI(M)'s leaders are urbane and highly educated, but they are locked in a world view formed during the Cold War. Their party machines in West Bengal and Kerala too often look like stand-over rackets that alienate more citizens than they benefit. And the parties' concerns often seem remote from those of the toiling masses they seek to represent.

It is not as if toiling masses were in short supply. A 2007 government report estimated that more than 75 per cent of the Indian population spent less than Rs20 a day on food (50 cents Australian). The report termed such people 'poor and vulnerable'.

In Indian elections, poor people vote in larger proportions than the upper classes. So where did the votes of the poor go? They did not significantly favour the communists. Nor did they go as strongly as expected to the party of Mayawati, 53, the fierce chief minister of Uttar Pradesh (UP), India's largest state (population 190 million).

Mayawati is a Dalit (the favoured term today for 'untouchable') who built the Bahujan Samaj Party, which governs UP. Her party won only 20 seats, not the 30 or so predicted, though it took nearly 6 per cent of the vote nationally.

About 15 per cent of Indians—close to 180 million people—are Dalits, most of them heartrendingly poor. Another 7 per cent of the population (80 million people) are tribals, marginalised people living in hill country that is increasingly valued for the minerals that lie under it.

Three political possibilities confront India's poor and stigmatised. The first is electoral politics—the Mayawati option. But Mayawati, though flamboyantly symbolic, is yet to deliver material improvements. The second possibility is revolt. A 'Maoist' movement operates in about 180 of the remotest of India's 600 districts. Maoists tried to disrupt the first phase of the elections, though without much success. However, with South Asia

awash with weapons that overflow from Afghanistan and Sri Lanka, Maoist movements will continue to confront governments that try to displace traditional occupants of land to dig mines and dam rivers.

The third option for the poor is religious and social revival. Some of the tumultuous consequences of such movements were seen in the past week in Vienna where a preacher associated with a Dalit-improvement movement among Sikhs was murdered. The reason apparently was that the low-status preacher was held by higher-status people to be committing sacrilege. When news of the murder reached India, rioting followed across Punjab state, and the army had to be called out.

In this election, poor voters seem to have come to the Congress in significant numbers. Post-election interviews indicate that two programs of the previous government have had an impact in rural India where 75 per cent of the population still lives (though less than 20 per cent of GDP now comes from agriculture). The National Rural Employment Guarantee Program aims to provide, as a right, 100 days' work at a basic wage for anyone in the countryside who asks for it. A related program has absolved small farmers from repayment of bank loans. For all their flaws, these programs touch millions of people and have bolstered support for the Congress Party.

So does the new government lie on a bed of nails or roses? It's not totally nails. India has been relatively cushioned from the global recession. The stock market liked the election results, and growth is estimated to be about 4 per cent for the current year and 6 per cent in 2009–10. The new ministry will be largely free of the shackles that hobbled its predecessor, which depended on a dozen minor parties, plus the left. The new government will have the opportunity to renovate the education system, continue economic reform and improve infrastructure.

There are two views about whether this will happen. Some argue that, having seen the electoral benefits of expenditure on the poor, the government will concentrate on such activity and that the pace of other change will be slow. Others argue that the old prime minister is now a man with a mandate and an urgent mission. He is not expected to serve the full five-year term, and the betting is that efforts will be made to install Rahul Gandhi as prime

minister at some midway point. According to this line, Manmohan Singh will press hard for accelerated economic change—increased foreign investment and sell-offs of public-sector enterprises, for example—and that external pressures will help him to achieve this. He is, after all, an economist whose first book was called *India's Export Trends and Prospects for Self-Sustained Growth*, published in 1964 when India's economic nostrum was 'import substitution', not 'export-led growth'.

There will be pressure to strengthen India's global diplomacy. Its foreign affairs bureaucracy has brilliant people at the top, but it does not have enough of them, and it lacks the capacity to talk to the world in sustained, sophisticated ways. China outnumbers, outspends and outshines it, as senior Indian diplomats have pointed out.

One hint that this may change is the presence in the outer ministry of newly elected Shashi Tharoor, 53, novelist, diplomat and a former under-secretary general at the United Nations. The new Minister of External Affairs will be an old Congress politician, S. M. Krishna, 77, US-trained in the 1960s, and a former chief minister and governor.

Other key cabinet posts have also gone to Congress veterans: Pranab Mukherjee, 73, from West Bengal, a long-time devotee of Indira Gandhi and her family, moves from External Affairs to Finance; P. Chidambaram, 63, from Tamil Nadu retains Home and A. K. Antony, 68, from Kerala, stays at Defence. Kapil Sibal, 60, well known to Australians for his work as Minister of Science in the previous government, is likely to get the Human Resources ministry, crucial for the reform of education.

Rahul Gandhi, the other half of the youth-and-experience image that served the Congress Party well in these elections, is not to enter the cabinet—yet. He remains general secretary of the party and oversees the Youth Congress. His mother, Italian-born Sonia Gandhi, is party president. They and the prime minister can take credit for the surprisingly successful election strategy. Against much advice, they eschewed alliances and contested every seat in Uttar Pradesh. They were told Congress would get badly beaten; instead, it re-established itself in the heart of India.

One of the heroes of this election has again been the EVM—the

electronic voting machine, used extensively since 1999. About 1.1 million of these robust, self-contained little boxes were deployed in 800,000 polling booths. Though the elections took five weeks and five phases of polling to complete, the results were known within a few hours once the computerised count began on 16 May. Coupled with a photo identification card and photo electoral roll, which now includes 85 per cent of voters, the system makes malpractice difficult and labour-intensive. A mark of the system's success was the result in West Bengal, where the CPI(M), reputed to have the country's best-organised electoral muscle, suffered its first big setback in decades and voter turnout exceeded 80 per cent.

In India, however, diversity prevails in all things, and a squeal of complaint against the EVMs has come from the southern state of Tamil Nadu. The party of former chief minister and film star, the mystique-laden Jayalalitha, claims the EVMs were rigged. Her AIADMK party won a disappointing eight seats.

India's electoral system is now so embedded in daily life that it can cope with such complaints. Back in 1971, defeated candidates took a case to the Supreme Court claiming that they had lost because the government of the day had doctored the ballot papers with invisible ink. That was 10 general elections ago.

# Indonesia

*February–July*

THE INTERPRETER

PETER McCRAWLEY

## Indonesian elections

### **Indonesia's year of living electorally**

Election fever is warming up in Indonesia. The change from the 'orderly' election arrangements during the Soeharto period is astonishing. The Indonesian election system has been dramatically transformed in recent years from a monopolistic structure during the Soeharto era to today's highly competitive (some would say 'excessively competitive') system.

Two key dates loom large on the Indonesian election calendar in the first half of 2009. First, parliamentary elections are due on Thursday 9 April. And second, the presidential election will be held three months later on Wednesday 8 July.

To understand the system it is important to appreciate that the formal

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structure of the Indonesian political system is now similar to that in America. These days, Indonesian legislatures (parliaments) at both the national and regional level are noisy and influential. Previously, during the Soeharto era until the late 1990s, parliaments were toothless and moribund. No more. Now they exercise real power.

Just as in America, the president is powerful as well. And just as in America, Indonesians cast separate votes for the legislatures and the president (although, as noted, in Indonesia the voting is on separate days, three months apart). The result, like the situation in America, is that the political contests for the legislatures on one hand, and for the position of president on the other, are largely separate.

To add to the complications, this set of contests is unlikely to end with the presidential election on 8 July. Unless one presidential candidate emerges as clear winner with 50 per cent of the vote (which doesn't look likely), a second round run-off must be held in September. This, in turn, means that a new government is unlikely to be formed in Indonesia until late October 2009.

What does this mean for Australia? The implications are that, first, senior Indonesian decision-makers will be preoccupied with domestic political matters for most of 2009. Nearly all main decisions in Indonesia during 2009 are likely to be taken in the context of a highly charged political environment. Second, it will be hard to get senior decision-makers to focus on international issues such as the Copenhagen conference on the environment. As one leading US political figure famously put it, 'All politics is local.' This will certainly be the case in Indonesia during 2009.

### **Indonesian stronger after the parliamentary elections last week\***

How times change. Just a few years ago, the talk around Southeast Asia was that the influence of Indonesia—long seen as the natural leader within ASEAN—was on the wane, and that Thailand looked like emerging as the

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\* Posted on *The Interpreter*, 14 April 2009.

new leader in ASEAN. But domestic politics in these countries have led the two nations in very different directions in the past few years. In Thailand, the domestic political system is in an awful mess, and Thailand is in no position to provide leadership to anybody. In Indonesia, President Susilo Bambang Yudhoyono (SBY) has steadily strengthened his position since his election in 2004. The election results from the key parliamentary elections last week appear to have strengthened him even more.

Perhaps the single most important outcome from the election results in Indonesia is the strengthening of the processes of orderly, healthy competition within the Indonesian political system. During the previous Soeharto era, Soeharto's Golkar political party maintained an effective monopoly of the Indonesian political industry. Golkar's monopoly collapsed when President Soeharto was forced to resign in the midst of the 1997–98 economic crisis in Southeast Asia.

For a while after 1998 the Indonesian political industry passed through a fairly chaotic period. A number of presidents (Habibie, Abdurrahman Wahid ('Gus Dur'), and Megawati) came and went in quick succession and the parliament sometimes behaved in a fairly erratic and unhelpful way. The inside joke amongst Indonesian political observers in Jakarta was that Indonesia had acquired 'democracy' rather than 'democracy'.

The Indonesian political scene settled down a bit after Susilo Bambang Yudhoyono won the presidency from Megawati in 2004. However, Megawati Soekarnoputri never really accepted her defeat. She has spent much time since then planning a comeback in 2009. Various other presidential hopefuls are also hovering around in the wings. It remained to be seen how all of this manoeuvring would work out and whether the political processes would work effectively. In the event, the elections last week went surprisingly smoothly. There were some well-publicised hiccups but little occurred which would be unfamiliar in the backrooms of the Labor Party in Sydney or the Democratic Party in Chicago.

It is too early to say much about the longer-term outcomes but on the face of it, things are encouraging. One outcome flagged by Kuskhrido Ambardi, a director in the Indonesian Survey Institute, will probably be a welcome

consolidation of parties. There was chaotic competition in the Indonesian political market before the elections because an excessive number of 38 parties joined in the contest. However, only a few have emerged from the fray with their feathers intact. The Indonesian political system would probably operate more effectively if most of the smaller parties disappeared.

The other major outcome is that the line-up for the president elections to be held in July immediately looks clearer. The main contenders emerging from the pack are SBY himself and Megawati. This is not unexpected, and doubtless surprises could yet occur, but with three months to go, the parliamentary elections last week worked well in helping sort out the choices which Indonesian voters will face in the coming presidential election.

### **A president for Indonesia\***

You would hardly know it from the Australian media, but 2009 is the 'year of politics' in Indonesia. Hotly contested elections were held in April for the national parliament and for dozens of regional parliaments. And on Wednesday of next week, a vital election will be held for the biggest prize of all—the presidency of the Republic of Indonesia.

The parliamentary elections two months ago set the scene. The incumbent president, Susilo Bambang Yudhoyono (SBY), stole the show. He was not up for election himself, but his Democrat Party was.

Support for the Democrat Party jumped remarkably—from around 7 per cent in the last elections five years ago (in 2004) to nearly 22 per cent. Support for the other two main parties, Golkar (formerly associated with President Soeharto) and the Indonesian Nationalist Party of Struggle (currently associated with former President Megawati), slumped sharply. The parliamentary elections two months ago were a triumph for SBY.

However, there's many a slip twixt the cup and the lip in political life. It was not clear whether SBY's triumph in early April would translate into a win in the second big race for the presidency in early July. The last two months have therefore been a period of hot political manoeuvring in Indonesia.

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\* Posted on *The Interpreter*, 2 July 2009.

Three candidates are in the running for the presidency: SBY with the backing of his Democrat Party, former president Megawati Soekarnoputri (Indonesian Democratic Party of Struggle), and current Vice-President Jusuf Kalla (Golkar). On the face of it, SBY will be a shoo-in. He has received an unexpected boost from the marked success in his anticorruption campaign. But polls showing a strong lead for SBY might be unreliable.

Why would it be good news if SBY wins? His critics argue that he is too cautious and that he fails to show strong leadership. His supporters point out that caution is not necessarily a bad thing and that his record on economic management and corruption is strong.

Megawati and Jusuf Kalla have been trying hard to chip away at SBY's poll lead. The signs are that they have cut SBY's lead back a little, but not much. And an important part of the reason is that neither of them has shown much leadership themselves.

Both have talked vaguely about relying less on 'market forces' to run the Indonesian economy (the implication has been that SBY, and his vice-presidential running mate Dr Boediono, are too reliant on advice from international agencies such as the IMF and World Bank) and providing more support for 'ordinary people'. Quite what this latter promise means has been quite unclear.

Further—and just as important—both Megawati and Jusuf Kalla are being judged on their own records in office. Megawati was unimpressive in her presidential term, which ended in 2004, and Jusuf Kalla has proved somewhat erratic as vice-president in recent years.

What the SBY-Boediono team offers Indonesia for the next five years is stability. It is true that both are cautious. Neither has offered the Indonesian people any populist 'castles in the air' during the short election campaign.

But cautious policies are probably what Indonesia needs. Largely because of the well-judged economic policies designed by SBY and Boediono (latterly as governor of Bank Indonesia) during the last few years, Indonesia is coping with the global financial crisis surprisingly well. If these policies are continued, the outlook for Southeast Asia during the next few years is promising. And this, surely, is good news both for the region and for Australia.

## **A victory for Indonesia\***

An astonishing thing has just happened in Indonesia. Early informal results point to a sweeping victory for the incumbent President Susilo Bambang Yudhoyono (SBY) in yesterday's election. And what is astonishing is not only that the presidential election has gone so smoothly but that the Indonesian electorate has voted so decisively in favour of sound government.

Exit polls indicate that SBY and his vice-presidential running mate Boediono gathered in a stunning 60 per cent of the vote. Some pre-election surveys had suggested that the SBY-Boediono team might win by a large margin, but few observers expected it would be as large as this.

The strongest challenge to SBY came from the Megawati-Prabowo team, which managed to win only 25 per cent of the vote. The Jusuf Kalla-Wiranto team came a distant third with around 15 per cent of the total. President SBY has therefore gathered in half as much again as the total votes won by his two challengers combined.

Whatever organisational problems there may have been during the election campaign—and there were quite a few reports of administrative hiccups—there can be no doubt at all that the Indonesian electorate wants SBY in charge for another five years.

Now that we have the result, we can draw three main conclusions. They are all very encouraging.

First, the result is an enormous step forward in strengthening the institutions of good governance in Indonesia. It is over 60 years since independence was declared in Indonesia in 1945. For the whole of that long period, political leaders in Indonesia have been searching for ways to establish the strong institutions needed to ensure the legitimacy of the presidency. Yesterday's election was the first time in Indonesian history that a sitting president has stood and been re-elected in a fair and convincing way.

Second, the result gives SBY a very strong mandate to press on with programs of sensible reform. During his first five years in office, SBY has

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\* Posted on *The Interpreter*, 9 July 2009.

had mixed success in promoting social and economic reform. On balance the record has certainly been good, but he has often been criticised for being too cautious. Now that the Indonesian electorate has given him such clear support, he is in a much stronger position to promote further reform. We will have to see if he does so. Certainly Boediono, who is a highly skilled economist with many years of experience in the top echelons of government, can be relied upon to give him total support in implementing reform programs.

Finally, SBY and Boediono may be characterised as ‘extreme moderates’ in international affairs. The chances of Indonesia embarking on adventurist policies in Southeast Asia while SBY and Boediono are in charge are approximately zero. The election results in Indonesia yesterday therefore greatly strengthen the outlook for stability in the region during the next five years.

*March 2009*

APEC ECONOMIES NEWSLETTER

ROSS H. McLEOD

## **Indonesia's choices facing the global financial crisis**

A favourite saying among Indonesia scholars at The Australian National University is ‘This is a very interesting time to be in Indonesia.’ The statement is never inappropriate: it is always an interesting time to be in Indonesia. And with the global financial crisis now beginning to bite, it is even more interesting than usual for policymakers in the central bank (Bank Indonesia, BI) and ministry of finance. The list of monetary and banking issues with

which they need to deal is long, and the appropriate policy solutions are in no case obvious.

Indonesia's inflation was twice as rapid as targeted in 2008, and still needs to come down quite a bit more if the 2009 target is to be met. Rapidly falling commodity prices in the second half of 2008 helped slow inflation. This process is unlikely to go on for long, however, so monetary policy will yet have an important role to play. The exchange rate became quite volatile toward the end of 2008 and, although it is less so now, there has been ongoing depreciation over the last couple of months. This is a problem for domestically oriented firms that have borrowed in foreign currencies, while on the other hand it is a boon for producers of tradable goods and services facing declining demand.

While economic growth was around 6 per cent last year—a wonderful result in comparison with many other countries—there was a sudden turnaround in the fourth quarter. Growth turned negative, although this was mainly due to seasonal factors affecting the agriculture, livestock, forestry and fisheries sector. Excluding this, growth was a little below zero. A large fiscal stimulus package is now being introduced in an attempt to prevent job losses. But this raises the question of whether monetary policy should also be focusing on growth, in addition to inflation and the exchange rate.

At the very least the authorities want to be sure there is no banking system collapse that would result in a reduction in lending. The size of bank deposits covered by the government's guarantee has recently been increased by a factor of 20, yet the guarantee still covers only about 50 per cent of the total value of deposits. If conditions deteriorate, there is every possibility of a run on the banks by large depositors. Should the guarantee be extended to include all deposits? This would imply a huge contingent liability for the government of around US\$150 billion, which cannot be taken lightly. The last time a blanket guarantee was provided, 11 years ago, all the big banks did become insolvent, and the ultimate cost to the government—and therefore the Indonesian public—was about US\$50 billion.

If the deposit guarantee is not extended further, and if there is a bank run, this would be accompanied by a run on the currency as well, because it is only

overseas that relatively safe assets can be found in large quantities. Should Bank Indonesia respond to large-scale capital outflow by selling down its international reserves in order to keep the exchange rate from depreciating? Supporters of this approach argue that any depreciation of the currency signals weakness and thus generates more capital outflow. Recall, however, that it was precisely this strategy that led the Bank of Thailand to sell off all its international reserves back in 1996–97, after which it was forced to float the baht—which, in turn, precipitated the Asian financial crisis. Moreover, a fire cannot burn without fuel. If sudden capital outflow is driven by the fear of depreciation, then allowing that depreciation to occur quickly will put an end to the outflow, because the opportunity to avoid a loss or secure a windfall gain will no longer exist.

Bank Indonesia is responsible not only for monetary policy but also for supervision of the banking system. Given this second role, it now needs to think about the current stance of prudential regulations relating to the banks. In particular, it needs to consider whether the regulations on capital adequacy are strong enough. Some of the most reputable banks in the world suddenly have been found to have insufficient capital relative to the risks they were carrying. Only a supreme optimist would imagine that this is not a plausible threat in Indonesia.

As it happens, the average reported capital adequacy ratio is twice as high as the regulatory minimum of 8 per cent, so a doubling (say) of this minimum would not be a problem for the average bank. But banks with relatively less capital would be obliged either to inject new equity or to cut back their lending. Would this be inappropriate in current circumstances? The counter-argument is that continuing to encourage relatively weak banks to expand their portfolios is a risk not worth taking at the time when world famous banks are having to be taken over and recapitalised by their governments.

Already one small bank has failed and been taken over by the authorities. If it is decided not to provide a blanket guarantee of all deposits, the authorities need to be ready with a plan of action if they happen to be confronted with a run on the banks. One possibility would be immediately to freeze the operations of any bank facing a run and to appoint an

independent, temporary management team. The first task of this team of financial administrators would be to undertake a very quick, conservative estimate of the value of the bank's assets. If this was judged to be less than the value of its liabilities, the shareholders would be required to inject new equity without delay. Failure to do so would result in the issue of new shares to depositors and other creditors in return for a 'haircut' sufficiently large to restore capital adequacy to an acceptable level. This would allow banks' solvency to be restored within a matter of days, thus removing the cause of the run. Accumulated losses up to that time would be borne by shareholders and creditors of the banks, rather than 'innocent bystanders'—the general public.

Interesting times in Indonesia, indeed!

*14 March 2009*

JAKARTA POST

GREG FEALY

## Islamic lens the wrong way to see Indonesia

Western leaders have recently been emphasising the 'Islamic' nature of Indonesian society and political life. When US Secretary of State, Hillary Clinton visited Jakarta in February she commended Indonesia for demonstrating 'so clearly that Islam, democracy and modernity not only can exist but also thrive together'. She also hoped that Indonesia would help Washington 'to reach out the Muslim world' as part of the Obama administration's new 'smart diplomacy' strategy. The media and some commentators picked up this theme speculating that Obama may choose

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Jakarta to make his promised ‘speech to the Muslim world’.

Similarly, the Australian Prime Minister, Kevin Rudd, praised Indonesia as a ‘dynamic Muslim democracy’ and ‘its extraordinary role...in the wider councils of the world’. He said religious commitment was a common element in the bilateral relationship and spoke glowingly of the international interfaith dialogue that he and President Susilo Bambang Yudhoyono would co-convene later this year. In this context, Indonesia was seen as a representative of the Islamic world.

In one way, it is understandable that Western leaders might see Indonesia through an Islamic prism. Some 200 million Indonesians profess Islam as their religion, by far the largest Muslim population of any country. ‘Islamic’ issues have also dominated Western perceptions of Indonesia since the 1998 downfall of Soeharto. These include the rise of jihadist paramilitary and terrorist groups, the spread of Sharia law in some provinces and districts, and the putative expansion of political Islam.

But viewed another way, this focus on Islam is misplaced and quite possibly harmful. To begin with, it is problematic to characterise Indonesia as a ‘Muslim democracy’, as if religion is a defining element in the country’s democratisation. Of course, Muslims played a major role in the post-Soeharto transition to democracy, but we cannot assume that Islamic motivations were paramount. Indonesia’s history shows that many Muslims have drawn a distinction between their religious identity and political behaviour. Of the nine general elections held since 1955, for example, Islamic parties have never gained more than 44 per cent of the vote—that is, less than half of the ‘Muslim vote’. At the two post-1998 elections, Islamic parties gained only about 38 per cent of the vote.

Indonesians do not normally describe their democracy as ‘Muslim’ or ‘Islamic’, and most of its citizens probably see the nation’s constitution as ensuring religious neutrality and pluralism. When Western leaders cast Indonesia’s democratic achievements in Islamic terms, they risk overlooking or discounting the role of non-Muslims in developing the current political system. One might also ask how Americans and Australians would respond if their countries were described as ‘Christian democracies’. Although both

countries have large Christian majorities, their democracies are not normally linked to a religion.

Second, the notion of Indonesia being a 'bridge' between the Muslim and Western worlds is questionable. It assumes that Indonesia is influential in the broader Islamic world. Regrettably, the reality is that Indonesia is seen by much of the Muslim world as geographically, intellectually and politically peripheral. As many Indonesian Islamic leaders who visit the Middle East or South Asia can attest, few of their co-religionists in those regions have much knowledge of or interest in Indonesia. Numerous attempts to 'export' Indonesian Islamic thinking to other parts of the Islamic world or to have Indonesia act as a broker between rival Islamic groupings have ended in failure.

I would argue that Western leaders such as Hillary Clinton and Kevin Rudd are in danger of projecting their governments' preoccupations and anxieties about Islam on to their relations with Indonesia. This might best be described as Huntington's syndrome. In 1993, the famous American political scientist, Samuel Huntington, wrote a seminal article about the 'clash of civilisations' which, among other things, warned of post-Cold War conflict between the Muslim East and the Christian West. The article was immensely influential in policy circles, particularly in the Bush administration, but was widely criticised by scholars of Islam as reductionist and divisive. Ironically, in the post-9/11 world, Western leaders have been at pains to claim that there is no gulf between Islam and the West and have eagerly embraced nations such as Indonesia as 'proof' of this.

But by continuing to define the world in dichotomous Muslim and non-Muslim terms we risk falling into the same error as Huntington; that is, magnifying religion into a primary factor when it is at most secondary or tertiary. Islam explains very little about Indonesia's democracy or diplomacy. If Western leaders persist in placing Indonesia into an Islamic 'box' they will betray their own misunderstanding of the country and its politics.

14 May 2009

INDONESIA PROJECT

CHRIS MANNING

## A surprise choice? Dr Boediono is selected as SBY's running mate

It's official and a surprise. Economic analyst, manager and academic, Dr Boediono, the current central bank governor, has been named as President Yudhoyono's choice of running mate for the first round of presidential elections in July. Some nine political parties have been jostling for influence in Indonesia's emerging political make-up for 2009–14. Many, especially in the main Muslim parties, would dearly have liked their leader to be selected by the popular president as the 'ca(wa)pres', SBY's vice-presidential running mate. In return, they would surely pledge their political support.

So why select a technocrat? Is SBY hankering for the bad old Soeharto days, when technocrats proposed and the president decided on policy seemingly oblivious to social forces around him?

The announcement has come after several weeks of intense speculation as to who would be chosen by SBY. Although the Democrats are expected to be the largest party in the new parliament, they will hold only around one-quarter of all seats. SBY will need the support of several minor parties to govern effectively. Why then select a seeming rank outsider to the political game, who might seem to offer little in terms of bolstering the stocks of the president in the parliament?

An obvious answer might be that it's the economy, stupid. SBY expects the Indonesian people to find comfort in the selection of a highly regarded and experienced manager as their vice-president, in the context of the global economic crisis. Boediono could thus be expected to bolster SBY's popularity

in the presidential race at a time of uncertainty, even if he contributed little to shoring up political support in the parliament. Such an interpretation would suggest that SBY is thinking more about the short-term advantage, rather than winning the longer-term battle of pushing reform through the legislature.

But there is a catch. The Indonesian economy has been doing remarkably well, amidst the tumbling fortunes of its neighbours. Prices have actually fallen, including those of important staples, for several months in 2009. SBY's popularity is high precisely because of the seeming economic success of government policies (and a little bit of luck). One can also point to the impact that Boediono's calm and steady leadership of Bank Indonesia has had on confidence in financial markets during a difficult time.

So why change a winning formula? Perhaps the answer to the puzzle lies in two other key areas, rather than in the economic credentials that Boediono brings to the presidential ticket. The first relates to the role that the current Vice-President, Jusuf Kalla, has had in policymaking, and his relationship with SBY in the past five years. While Kalla was often seen to be given a free reign in pushing key economic policy decisions (such as the oil price hike in 2005), his impetuous, can-do style, fashioned from years of experience as a businessman, is said to have grated with the president. Further, not infrequently SBY was forced to share the limelight with his vice-president. And there was always a sense that the vice-president was ready to cut corners to get the job done, sometimes undermining the carefully crafted image of rules-based government projected by SBY.

Boediono could be expected to offer equally valuable advice on the economy. But he is likely to do so in a more measured fashion and away from the cameras, as he did for several years as the economics coordinating minister. As many have been quick to point out, he has shown no sign of political ambition, which cannot be said of many other potential contenders for the vice-presidency. And he is pronounced by all to be squeaky clean. It is also worth pointing out that although Boediono is not a politician, he certainly does not appear politically naïve. He has laboured hard in selling the government's economic policies to cocky and often self interested

parliamentarians, since his elevation to finance minister in the Megawati government in 2001.

Second, selection of a vice-presidential candidate from any one of the Muslim parties risked alienating the others. Representatives of all the Muslim parties (and especially those of the Partai Keadilan Sejahtera or Prosperous Justice Party (PKS) and Partai Amanat Nasional (PAN)) have mouthed their disapproval of Boediono's selection rather than a choice of one of their own candidates. Nonetheless, if another Muslim party candidate had been chosen by SBY, one senses the disenchantment of the others would have been much deeper and politically harmful to the president's would-be coalition with the Muslim parties. The case is different for a politically neutral candidate. It is less likely that any of the parties will risk being sidelined simply because their leader was passed over by SBY in his choice of a running mate.

Time will tell, in politics as well as in policy, whether the president has made the right choice. Selecting a reliable lieutenant with a similar cautious bent, another Javanese, might seem to go against the grain in Indonesian politics. But if he is elected for a final term, perhaps having a soul mate in the palace will give SBY more leeway and greater confidence to take stronger stands on big policy issues, both nationally and internationally, in his second and last term in office.

Of course, he still has to be elected. But at the time of writing few political pundits are betting on the opposition teams.

7 July 2009

AUSTRALIAN FINANCIAL REVIEW

HAL HILL

## Indonesia: cautious optimism

It is almost certain that the incumbent, Susilo Bambang Yudhoyono (universally known as SBY), will be re-elected in this week's presidential elections, together with his Australian-educated running mate Boediono, if not in this round then in the September run-off.

There has been little international commentary on the campaign in this, the world's third-most populous democracy. This partly reflects the lack of fireworks and low-key, scripted debates centred mainly on personalities rather than policies.

But it also reflects the country's remarkably swift transition from authoritarian to democratic rule. Few outsiders appreciate that, notwithstanding the global financial crisis, these are comparatively good times for Indonesia. A little over a decade ago, the country experienced a catastrophic economic crisis, which in turn triggered the collapse of the Soeharto regime and ushered in a period of deep uncertainty. East Timor voted to secede, there were secessionist challenges elsewhere and serious ethnic/religious conflict in several regions. At a crucial period in this crisis, the international donor community was largely unhelpful. Then there was a series of terrorist attacks earlier this decade, prompting some to ask whether Indonesia was in danger of becoming a failed state.

Three factors underpin the return of optimism. First, the national elections have proceeded smoothly, as they did in 2004. Second, the economy has been doing quite well this decade. The government has also adroitly managed the global crisis. The economy is likely to grow at about 3.5 per cent this year, slower than China and India, but faster than its immediate

neighbours and the OECD block. Third, the peace settlement in Aceh looks secure, thus ending decades of rebellion, and the nasty violence elsewhere has for the most part been contained. What can we expect from another five years of SBY? The answer, reflecting both the man himself and the country's institutions, is essentially more of the same. SBY is a highly cautious leader, sometimes agonisingly so for the ambitious reformers around him. Moreover, although his Democrat Party emerged as the front runner from the April parliamentary elections—quite an achievement for a six-year-old party—he will continue to lead a minority party in the lower house of parliament. This means he will have to assemble another 'rainbow coalition' in cabinet, this time with a more overtly Islamic flavour owing to his choice of coalition partners. As at present, we can therefore expect a cabinet comprising a handful of competent, non-political technocrats, like Dr Boediono, running key economics ministries (and possibly also defence and foreign affairs), alongside a group of political appointees of various persuasions and calibre.

Indonesia is not an easy country to govern. It is institutionally unlikely that the country can ever match the spectacular growth rates of China and, earlier, the East Asian 'miracle' economies, where ruthless and powerful leaders implemented a 'growth first' strategy. This is so for at least three reasons.

First, the power of the central government has been deliberately weakened since the sweeping 2001 decentralisation, which handed over much administrative and financial authority to more than 500 subnational governments. Each now has directly elected leaders and parliaments, and hence local legitimacy. From Soeharto's highly centralised regime, centre-region relations are now a work in progress. Every significant investment decision—highways, factories, mines, reforestation programs—involves three tiers of sometimes inexperienced governments, thus often entailing protracted negotiations.

Second, community opinion is sceptical of the virtues of globalisation. One of the most hotly debated issues during the presidential election campaign was the accusation that Boediono was a 'neo-lib', with the

pejorative connotation that he is too close to the international financial institutions (particularly the IMF) and foreign investors. Ironically, the populist, nationalist campaign run by one of the vice-presidential candidates, Prabowo, resonated (ironical because his father was the widely respected founder of the Indonesian economics profession). Consequently, Indonesian reformers have a constant struggle on their hands: to align domestic petrol prices with the world price, to sell the case for foreign investment, to rebut notions of food self-sufficiency, to repeal the country's restrictive labour laws, and much else.

Third, Indonesia is engaged in the long-term, complex process of building institutions. At any one time, there is a host of scandals in the press, from minor provincial officials to national government ministers. These cases periodically paralyse the operations of government. Civil servants, for example, are genuinely fearful of signing off on major projects, including for badly needed infrastructure. Judicial cases, both civil and commercial, can be drawn out and the results uncertain.

More than any other developed economy, Australia has a vital stake in these developments. A confident and prosperous Indonesia is the best defence policy for Australia and our neighbourhood. The Indonesian economy will probably not grow as fast as China. There will be periodic hiccups in the bilateral relationship. The government will from time to time do things that puzzle us. But we need to take a long-term view, one that transcends narrow strategic and commercial interests, and to realise how fortunate we are with the current course of developments in our giant neighbour.

29 July 2009

INSIDE STORY

HAL HILL

## Indonesia's new leadership: the Australian connection

One of the most durable and important elements in the Australia-Indonesia relationship is the large number of Indonesians who have studied in our universities. In Indonesia, Australia offers the largest number of graduate-level scholarships for study abroad, and it also hosts the largest number of private Indonesian university students studying abroad.

More so than almost any other country in Southeast Asia, these graduates now increasingly occupy senior positions in government, business, universities and civil society. It is no exaggeration to say that it is probably the single most important dynamic in the bilateral relationship. At elite levels in Indonesia, we are probably now better understood than any other Western nation. And there is momentum in that many of the earlier Australian graduates send their children here to study.

In the outgoing Yudhoyono administration there were three cabinet ministers who graduated from Australian universities, while in the recently elected administration, which technically does not assume power until October, the Vice-President-elect, Dr Boediono, has close Australian connections. For more than a decade, Boediono has been the most important economic policymaker in Southeast Asia's dominant power. It is therefore important that we better understand this leader, who spent several years in our midst.

## Education and career

Boediono (who like many Javanese has only one name) has had a stellar academic, ministerial and now political career. Born in 1943, he spent extended periods at three Australian universities, initially courtesy of a Colombo Plan scholarship. He graduated with an economics degree from the University of Western Australia in 1967, followed by a Masters degree from Monash in 1972. He also spent two years in the early 1970s as a junior researcher at The Australian National University, the university with which he has continued to have a close intellectual association (and from which his daughter also subsequently graduated). He later earned a PhD from the Wharton School, University of Pennsylvania.

Most of Boediono's academic career has been at Gadjah Mada University, Yogyakarta. Even as a minister, he has maintained Yogyakarta as his principal place of residence and has often continued to conduct Saturday classes at the university.

From the mid 1980s, he was increasingly pulled into the Jakarta policy world. Appointed to the senior staff of the national planning agency, Bappenas, he rose quickly through the ranks, becoming a deputy (i.e., subminister) in the late 1980s. He was then appointed as one of the directors of the Bank Indonesia, the central bank, for the period 1993–98. Boediono's ministerial career formally commenced in May 1998, when the incoming president, B. J. Habibie, appointed him minister for planning (and head of Bappenas), a position he held throughout the 17-month administration. He was technically out of government during the controversial Wahid presidency but returned as finance minister in the Megawati presidency from August 2001 to November 2004. After another short break, he returned to cabinet as President Yudhoyono's coordinating economics minister in December 2005, a position he held until June 2008. At the behest of the president, he was then appointed to the position of governor of Bank Indonesia in May 2008, overcoming an impasse that had arisen from the parliament's refusal to agree to any of the other candidates nominated by the administration.

This short summary of his ministerial career highlights two key achievements. One is that over the past decade, Boediono has held every

major economic policymaking position in the Indonesian government. It is difficult to think of a policymaker in any other major country with comparable experience. The other is that he has been at the centre of decision-making when Indonesia faced momentous challenges. At least three deserve mention. The first was the Asian financial crisis in 1997–98. The Indonesian economy contracted severely then, both the currency and the banking system collapsed, and relations with the international donor community soured. Second, as finance minister in the early years of this decade, he presided over a remarkable recovery in state finances, rapidly bringing down public debt and managing to control the spending propensities of a divided cabinet not known for its economic literacy. He also adroitly navigated the country's exit from the detested IMF program. Third, he was in charge of the nation's central bank as the current global financial crisis hit, and thus far the country has navigated its way through the crisis competently.

One other feature of Boediono's ministerial career deserves comment: at a time of unprecedented political turmoil and intrigue, he has managed to remain above the fray. At one stage, Indonesia had had five presidents in six years, and Boediono was a senior figure in four of them. The governorship of the central bank in particular has been a political minefield. In spite of its independence, a condition of the IMF rescue package, all occupants of that position, except for Boediono, have subsequently faced extended legal action, house arrest or imprisonment. The closest Boediono came to political controversy was as a result of the so-called BLBI scandal at the height of the financial crisis in 1997–98, when billions of dollars were spent by the central bank in an effort to rescue the ailing banking system. This led to the dismissal of the then bank governor and his subsequent long-running trial. For a period, it appeared that Boediono might also be charged. However, he has since been officially cleared.

An unlikely politician emerges: Boediono turned 65 last year. It was widely expected then that he would complete his distinguished career of government service by serving out the five-year term as head of the central bank and then return to academe.

But following this year's April parliamentary elections, at which

Yudhoyono's party was the clear, but minority, victor, attention turned to his choice of running mate for the 8 July presidential elections. The initial assumption was that Yudhoyono (SBY) would choose a leader from one of the other political parties. However, quite suddenly, rumours surfaced that Boediono might become his vice-presidential candidate, and in mid-May this became official.

There appear to have been two reasons for his selection. One was SBY's greatly enhanced power following success at the parliamentary elections, and hence his freedom to appoint a vice-president of his choosing. As a corollary, since this is his final term, vice-presidential loyalty was considered to be essential, and a 'non politician' was therefore preferred. An occasional irritation during SBY's current term has been the sometimes erratic behaviour of his outgoing deputy, Jusuf Kalla. The second factor was the difficulty of choosing an acceptable candidate from among the four Muslim parties with which SBY had teamed up.

In passing, the parallels with Indonesia's earlier pre-eminent economic policymaker, Professor Widjojo Nitisastro, are striking, even though the authoritarian and democratic eras are so very different. Both Boediono and Widjojo were hand-picked by two Javanese presidents, SBY and Soeharto, military men by career and both with an instinctive recognition of the importance of good economic management. Both presidents developed a very close rapport and personal chemistry with their principal economic advisors, both also Javanese, quintessential technocrats of great intellect and integrity, and with an evident capacity to read their leader's mind and mood. Soeharto in fact wanted Widjojo as his vice-president in 1983, but personal circumstances got in the way.

It is not clear how Boediono's candidature affected the outcome of the presidential elections. The campaign was mainly personality based. It lacked fire, controversy and grand policy or ideological debates. The three presidential candidates dominated the media. The other two vice-presidents were controversial and divisive military figures who still remain subject to US travel restrictions.

Boediono is not a natural politician, but he adapted to political life more

quickly than expected and ran an effective campaign. As expected, he was especially comfortable in dealing with economic policy issues, which according to poll surveys were the dominant concerns of the electorate. This plus his impeccable personal credentials were undoubtedly an asset for SBY. It also did not go unnoticed that his personal wealth was the lowest of the six presidential and vice-presidential candidates.

Perhaps the most contentious poll issue was the pejorative ‘neo-lib’ label that a desperate and populist opposition tried to pin on Boediono. This was a scurrilous attack on his record in government, alleging that he was too close to the IMF and foreign investors and that he neglected issues of social justice. These strident, so-called ‘nationalist’ assertions are, of course, wildly misleading.

### **Writings and philosophy**

Apart from a series of widely used textbooks, Boediono’s publications are not extensive. His major international outlet has been ANU’s *Bulletin of Indonesian Economic Studies* (BIES), with which he has been closely associated as a board member since 1984. He has continued to write when out of government. By far the most important recent paper is his ‘Managing the Indonesian economy: some lessons from the past’, BIES, December 2005, presented at ANU’s annual ‘Indonesia Update’ conference that year. This essay provides the best English-language summary of his views on economic policymaking in Indonesia. His survey of postindependence economic policymaking emphasises the need for economic policy cohesion (present under Soeharto, absent for much of the next few years), the need for a coherent and credible economic strategy and macroeconomic stability. He regards the central challenges as building institutions to underpin a fragile democracy. These include crucially the judiciary and law enforcement, on which he notes slow progress to date, and civil service reform, which was neglected in the early post-Soeharto era. He warns of the possible ‘disharmony between politics and economics’, and argues that some economic policymaking should be insulated from the pressures of vested interests. Examples include central bank independence and legislated fiscal policy constraints, both achieved in

Indonesia in recent years, and with Boediono playing a central role in the process.

### **Implications for Indonesia and Australia**

Boediono is a technocrat and, although he is popularly elected, he does not have an independent political base. Nor does he have further political aspirations; in fact, he did not seek this high office. He is therefore likely to be more of a prime minister, a cabinet coordinator, especially on economic policy, and a manager of the often unpredictable and assertive parliament. He will therefore free SBY for broader national and international issues.

Boediono is a courteous, understated, cautious, reserved individual. He is not a crusading, charismatic figure, quite different in style and substance from the current vice-president, Jusuf Kalla, a controversial, can-do politician. But Boediono can be tough and resolute, as he has shown in handling several demanding portfolios and policy challenges way beyond the magnitude his Australian counterparts ever have to contemplate.

The most important consideration for Australia is that for the next five years Boediono will be a central player in the major power of our neighbourhood. Nothing matters more to Australian foreign policy than a stable and prosperous Indonesia at peace with itself and its neighbourhood. This will be an administration whose cabinet is far more 'Australia-literate' than can be said of the converse. (Regrettably, we have never had an Australian minister deeply immersed in Indonesia.) That means an administration well disposed towards us.

In the case of Boediono, in particular, it also means we have a natural partner for a range of international initiatives including, importantly, G20-based reforms of the international economic and financial architecture and further institution-building in the Asia-Pacific region. His elevation will also enhance the effectiveness of our development assistance program to the country, which, approaching A\$500 million annually, is our largest country program and the second largest bilateral program to Indonesia.

Conversely, it is important not to have unrealistic expectations. Inevitably, there will be differences in a bilateral relationship between two neighbours

who are so different in so many respects. Particular individuals can do only so much. In the final analysis, it is the broad layers of social, cultural, commercial and personal relations that are the arbiters of whether there is a close and durable friendship between two nations.

International reporting on Indonesia, including that from Australia, has tended to oscillate excessively, from the euphoric to the gloomy. Let there be no mistake. The recent Jakarta bombings, the first in almost four years, are a terrible tragedy. But the country is in good hands, and its economy is doing better than most at the moment. The election of Boediono as vice-president is further good news for the country and its neighbourhood.

# Japan

2 March 2009

AUSTRALIAN FINANCIAL REVIEW

JENNY CORBETT

## It's important to know how Japan will affect us

The recent spate of bad economic news about Japan has raised many questions about the global crisis, Japan's response and what it will mean for Australia. Do we understand Japan well enough to be able to answer the fundamental questions?

In the middle of last year it looked as if Japan was set to weather the world's financial storms. By November its own government was talking of recession and by this month the economic data proclaimed a virtual meltdown of the industrial sector. The numbers are alarming not only for their size but for their speed. Japan will probably be the worst performing OECD economy in 2009, shrinking by an estimated 2.6 per cent. Industrial production in the last quarter has fallen to the level of 1983.

How has this happened in an economy that was, up to the end of 2007,

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experiencing its longest post-war recovery?

Recovery from the decade of the 1990s followed stringent reform of the financial sector and structural reform programs in many other areas, plus expansionary fiscal and monetary policy. None of these policies was applied consistently, much backtracking and political bickering took place, and external criticism was harsh. But it looked like the medicine had worked. What we now see is that new vulnerabilities have been revealed.

What ails the Japanese economy now is different from what ailed it in the 1990s. Then, lax monetary policy created an asset bubble; lax regulation allowed banks to lend excessively and encouraged (some) investors to borrow unwisely and squander resources on unproductive projects, and eventually resulted in appalling and frightening fragility in the financial system. Very similar to what has happened in the United States and Europe today.

But that is not what is happening in Japan now.

What has happened this time is a large external shock, transmitted through collapsing export markets and combined with a rising yen. This has revealed that Japan's economy has grown more dependent on exports to support growth than it was during the 'high growth era'. Its industrial and export structures have become more concentrated on a few industries and a few trade partners (though new ones such as China have replaced some of the old ones).

At the same time, the international financial system still does not adjust very quickly to changing trade balances and sudden shifts in domestic consumption and savings. Exchange rate systems are increasingly driven, in the short run at least, by considerations such as domestic liquidity needs and perceptions of risk. They cannot carry the burden of adjusting trade balances alone. So, whereas the yen might be expected to depreciate under the present circumstances, it continued to strengthen until this week. Without some yen depreciation Japan's exports cannot gain the ground they have lost from collapsing demand abroad. But Japan cannot quickly alter the value of the yen without international support. Depreciation would at least require the tacit agreement of the US and the EU not to complain too loudly before any intervention would be possible.

The world has looked to Japan's experience in the 1990s for pointers on how to respond to the global financial crisis and has come to admire some of what it once criticised as either insufficient or excessive government involvement in the economy. There is still a lot of misunderstanding of what Japan actually did, but that discussion needs deeper analysis at another time. The urgent question for Japan is what it should do now that it has swallowed its bitter medicine (wiping huge amounts off inflated asset values over the 1990s, writing off trillions in non-performing loans, and living with unemployment levels twice their historic rates for ten years) and still faces more pain.

This crisis should be amenable to more conventional policy responses than the last one. Replacing lost external demand by temporarily increasing domestic demand through fiscal policy; stimulating government and private consumption while loosening monetary policy to keep interest rates from rising and to avoid upward pressure on the currency; and embracing any slight upward pressure on prices; would all be good responses, but these responses become difficult when politics are in disarray so budgets cannot be passed, when the legacy of past fiscal policies has created large government debt, when interest rates are close to zero, and when international hostility would greet any softening of the value of the currency.

Japan still needs to enact all these policies but will also have to wait for the rest of the world to recover. It must hope fervently that the world avoids protectionism and in the meantime it will have to go on improving the flexibility of its own economy via (now unpopular) structural reform. It will face continuing high (for it) unemployment and will have to improve safety nets and soften its social and economic impact by a variety of means.

These are tall orders and if Japan is not able to manage them it matters to the region and to Australia. Japan is still our largest export market and is at the hub of production networks in the Asian region. Japan's growth not only depends on the region but impacts on it, and we must all hope that it is able to recover sooner rather than later. Thankfully Japan is not, at the moment, withdrawing from the region. Indeed it has recently contributed in significant ways to global and regional efforts to respond to the crisis—supporting an

expanded Chiang Mai initiative at the recent ASEAN+3 summit, increasing its contribution to the International Monetary Fund (IMF) and supporting capital increases for the Asian Development Bank (ADB). But what the shock over the data shows is that we understand Japan's economy no better, or even less well, now than we did in the roaring 80s.

In Australia there are no regular macroeconomic analyses of Japan and few, if any, macroeconomic models in use that say anything about the impact of Japan on Australia. So, when asked how big the effect of Japan's collapse on Australia might be, well-informed observers can do little better than 'wait and see'. Is this really good enough or is it time we began to pay more attention to the health and functioning of the economy of our largest export partner and most significant regional ally?

*13 July 2009*

EAST ASIA FORUM

SHIRO ARMSTRONG

## **Australia, and managing Japan's insecurity**

When Kevin Rudd was elected prime minister in November 2007, many in Japan (and Australia) worried about the prospect of Australia shifting its diplomatic focus from Japan to China. Rudd's fluency in Mandarin and his long-time links to China brought out the insecurity in those who thought Australia's increasing political engagement with China would come at the expense of its relationship with Japan, as if this were a zero-sum game. Many of those critics see Japan's relationships with the United States and Australia as a counterbalance to China.

This, of course, got worse when Rudd did not visit Japan on his first official tour abroad as the newly minted prime minister, whereas China featured prominently on his itinerary. The fury was bordering on panic and the oversight was widely reported as a diplomatic snub. Was this panic justified? Right after the election, key cabinet ministers such as Trade Minister Simon Crean and Foreign Minister Stephen Smith visited Japan in January 2008. Since then Kevin Rudd has made a couple of trips, including an important and significant trip to Hiroshima.

In addition to Rudd's trips, nine ministers in the Rudd government have visited Japan, for a total of 13 trips. Compare this rather busy schedule to the number of trips Japanese ministers, including the prime minister, have taken Down Under. Foreign Minister Nakasone visited Perth and Melbourne in May this year, but this was a rare exception. In fact, he's the only minister to visit since Rudd was elected. Australia 13, Japan 1.

Japan's last three prime ministers hardly set a foot on Australian soil. Abe Shinzo attended APEC in Sydney but hastened straight back home to resign. Former Prime Minister Fukuda and current Prime Minister Aso have not visited Australia. The last bilateral visit to Australia by a Japanese prime minister was way back in 2002 by Koizumi. The only minister to have visited between Koizumi in 2002 and Nakasone this year was Aso when he was the foreign minister in 2006.

Japan is worried that it is being pushed off the global map by China's rise, or at least that the attention being paid to China is happening at its own expense. This is a crisis of self-confidence. Complaining about others giving attention to, and engaging with, China is hardly the solution. Few countries are so hung up on how their US ambassador ranks alongside the US ambassador to another country.

The Japanese press jumped the gun and prematurely announced star Harvard academic Joseph Nye as the ambassador designate before Obama loyalist John Roos was finally given the nod. The comparisons between Roos and Jon Huntsman, the next US ambassador to China and a long-time China expert, started with complaints that the Obama administration was sending a fundraiser to Japan and a 'real player' to China. Roos is an insider in the

Obama camp (unlike Huntsman who was introduced to Obama by Jeffrey Bader) and has the invaluable ability of being able to pick up the phone and reach the president himself at any time.

Whether Japan is getting the attention it thinks it deserves from its allies or not (and no objective analysis would suggest that it isn't), making it a diplomatic issue with a Democratic administration in the US or a Labor government in Australia hardly helps Japan's diplomatic credit. There are more substantive things in diplomacy than form and status measured by irrelevant yardsticks.

Japan is preoccupied by domestic political and leadership problems. Brushing up on its diplomacy might also be given some attention.

There will be a new government in Japan soon and the first thing the Australian government should (naturally) do is invite the new prime minister for a substantial, historic trip to Australia.

*22 July 2009*

CANBERRA TIMES

RIKKI KERSTEN

## **The end game for Japanese politics? The significance of the collapse of the LDP**

In the aftermath of six successive defeats in regional elections, the dominant force in Japanese politics—the Liberal Democratic Party—is staring down electoral defeat in the national elections scheduled for 30 August. The nature of the electoral tsunami that confronts the LDP indicates that more is at

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stake than just the decline of a political party. Japanese politics itself is being reinvented, and the destruction of the LDP is an important component of that ground-shaking transformation.

In sifting through the rubble of the LDP's disastrous campaign in the Tokyo Metropolitan election on 12 July, it is easy to see why the LDP frontline has panicked. In every demographic, the LDP was trounced by the opposition Democratic Party of Japan (DPJ). In the over-60s category, which has been deeply dismayed by the mismanagement of millions of pension fund records by the government and by LDP-designed cutbacks on aged care services, the LDP vote imploded from a 43 per cent support rate in the previous election, to a miserable 27 per cent support rate on 12 July. The DPJ on the other hand rose from an 11 per cent support rate to a 42 per cent rate last weekend. In this rapidly ageing society, the grey vote matters.

The news gets bleaker when we examine the behaviour of the voting public in general. Voter turnouts reached historic highs in the recent regional campaigns, indicating the determination of voters to make a statement in advance of the national poll. Moreover, voters of all hues have turned their backs on the dominant party in power. Not only did the overwhelming majority of unaffiliated voters rush to support the DPJ, but even the LDP's own declared affiliated supporters betrayed them. A full 20 per cent of the LDP's faithful ticked the box for the DPJ on 12 July. This is not an electorate that is thinking only of the pending summer holidays. Instead, they have revolutionary political change on their minds.

As the extent of the humiliation confronting the LDP became obvious on election night, several party heavyweights began muttering about Prime Minister Aso's responsibility for the disaster. Although Aso's prime ministership has been marred by gaffes and indecisiveness, and his personal support rate has sunk to lows that usually foreshadow political death, blaming Aso simply does not wash.

Aso was quarantined by his own party from the Tokyo campaign. Amongst party leaders, his was the only face missing from election campaign posters around the capital. Aso's departure for the G8 summit in L'Aquila during the campaign was greeted by LDP party leaders and candidates with relief, as he

could not spoil their appeal to their support base. Aso cannot be blamed as the principal architect of this rout.

Instead of mobilising the prime minister, LDP officials paraded the front line of cabinet ministers and party executives to the electorate. One dominant pattern that emerged in voter decision-making was that voters shunned not only LDP candidates, but especially those who had been repeatedly returned over many elections. It was precisely the LDP old guard that the voters turned on, preferring instead raw, young and politically inexperienced candidates fielded by the DPJ.

It is still possible that elements of the LDP will underpin pending electoral suicide by removing Aso before the August election, but they should not deceive themselves that this will somehow alter the view of the electorate. This electorate is rejecting the LDP way of politics, not merely the person who happens to be leading the party at this moment.

Exit polls on 12 July reveal some of the reasons why negative energy is flowing from voters to the LDP. In the week before the election, Aso was repeatedly humiliated by his own party in the media. Aso would announce his intention to shuffle the party executive, and then a stream of factional and party office holders would parade across TV screens stating that they disagreed with this plan. Aso was forced to pretend he had never intended anything like a major reshuffle. When Aso started discussing the date of the pending national election, party heavies weighed in on the evening news, openly contesting Aso's statements. Given that in Japan it is the prime minister who makes the call on when an election is held, the public could only see this as cannibalisation of the leader by his own party. The electorate noted Aso's weakness, but blamed the party elders for behaving badly.

As astonishing as it may seem, the party that has ruled Japanese politics since 1955 seems to have lost its electoral compass and is hurtling full tilt towards the cliff of electoral defeat. In the midst of a serious economic and financial crisis, a collapse in the terms of trade and rising unemployment, the LDP collective leadership seems more concerned with its own survival—or more precisely, with each politician's personal survival—than with the fate of the country.

It was the former LDP hero of electoral success and prime minister between 2001 and 2006, the maverick Koizumi Junichiro, who famously declared his intention to 'destroy the LDP'. What Koizumi meant by this was a two-pronged assault on the LDP: on its factions and on the locus of policymaking in the party. Koizumi managed to clip the wings of faction leaders by depriving them of their power base, utilising political funds laws, electoral reforms and altering the voting system for the LDP party presidency, to achieve one of his goals.

The second goal, of wrenching policymaking power from the inner sanctum of party committees, was partly achieved by concentrating resources into the prime minister's own office. Aided by the international emergency heralded by the 9/11 attacks and by increasingly belligerent behaviour by North Korea, Koizumi was able to make notable strides in the area of security policy. Japan has contributed to the coalitions in Iraq and Afghanistan, albeit with constraints, without revising the famous 'peace constitution'. Prime minister-centred policymaking was central to these developments.

As Koizumi heads into retirement at the forthcoming election, it is perhaps fitting that his 'revolution' is more likely to be achieved by the opposition Democratic Party of Japan than by his own LDP. The irony is that Koizumi's huge victory margin in the last election is the only thing preventing the DPJ from doing so without the burden of having to compromise with a coalition partner in government.

LDP politics is now playing out its end game, and the new politics of Japan are being forged in the cauldron of political desperation and spite that will taint, but not derail, the emergence of policy-driven politics in Japan.

# Korea

4 March 2009

CANBERRA TIMES

HYUNG-A KIM

## South Korea's 'bulldozer' seeks a partner in Rudd

South Korea's President Lee Myung-bak arrives in Australia today as part of a seven-day visit to New Zealand, Australia and Indonesia. Lee's visit at this particular time, in the midst of the global financial meltdown and North Korea's threat to test-launch a ballistic missile capable of reaching the west of the US mainland, gives a heightened significance to his summit meetings, especially the one with Prime Minister Kevin Rudd.

Indeed, the South Korean economy, especially hurt by the current economic downturn spirals, is in crisis. Its currency has fallen more than 40 per cent against the US dollar. South Korea's GDP grew only 2.5 per cent in 2008, the lowest level of growth since 1998, and it is now predicted that Asia's fourth largest economy will actually shrink in 2009.

In terms of inter-Korean relations between the South and North, Pyongyang has openly warned the Lee government against pushing relations

to the 'brink of war'. A decade-long 'sunshine' engagement between North and South Korea abruptly ended after Lee declared his own conservative 'Vision 3000' policy which promised North Korea 'conditional aid' only when it had completely abandoned its nuclear weapons program.

The North's dismissal of Vision 3000 was immediate: it cut off virtually all dialogue with the South. Lee's visit is taking place amid these crises which demand unusually strong collaborative and complementary outcomes from his 'summit diplomacy' with Rudd.

According to the *Korea Times*, the summit between Rudd and Lee will discuss 'joint responses to climate change and the global financial crisis'. The summit will also include discussion on 'ways to promote Korean studies in Australia' and increase bilateral exchanges in culture and human resources, as well as free trade agreement issues. President Lee is apparently keen to boost cooperation in green energy development, particularly through promoting his government's policy of 'Low carbon, green growth' and his recently announced 'Green New Deal' which aims to 'promote eco-friendly growth in order to ensure sustainable development'.

This apparently coinciding national interest of Australia and South Korea arouses public curiosity about the South Korean leader. Who is he? Having promoted himself as an 'economic president', Lee—former CEO of Hyundai Engineering and former mayor of Seoul—is known for his bulldozer-like approach and 'creative pragmatism', a man who gets things done fast.

After electing him with high expectations in a December 2007 landslide following 10 years of pro-left liberal leadership, South Koreans looked to President Lee to bring his corporate drive and success to a sagging economy. He, in fact, captured many South Koreans' imagination with what he called his '7-4-7' vision, promising to achieve annual growth of 7 per cent, double per capita income to US\$40,000 within a decade, and become one of the world's top seven economies.

After a year in office, however, Lee is struggling to revive an economy hit harder than most by the global financial meltdown, and faces an increasingly negative North Korea, angered by his hardline stance towards the regime.

Domestic opposition to his policy initiatives and pro-US stance has also blown out into mass demonstrations. The latest polls show that only a third of South Koreans think he's doing his job well. The public believes that, by insisting on his so-called 'MB-nomics', the government Lee leads has amplified the vulnerability of South Korea to external shocks.

Lee's first major domestic setback occurred when he allowed beef imports from the US, which had been banned previously over fears about mad cow disease. Three months of citizens' 'candlelight protests' ensued, which ultimately led Lee to change his senior presidential staff as well as revise his reform agenda. In his defence, he tried to overcome the economic crisis and at the same time pursue a revised national agenda through his typical 'bulldozer' approach. But the two just did not fit together, as overcoming the economic crisis is a precondition for his national agenda and must thus come first. Lee's biggest problem is the loss of public confidence in his governance of state affairs.

Lee is seen as lacking political skills, especially the ability not only to bring about social unity but also to work with those who disagree with him. Even the leading conservative papers point out that Lee tends to trust none but those he personally knows. His failure in effective governance is viewed by many as derived from his dislike of the inefficiency of politics.

But with his persistence he is focused on the future and quoted as saying to his advisers that 'We must not dwell on what happened during the past year because we'll be judged by how we do throughout our five-year term.' In this sense, his summit with Rudd may provide a new starting point for the two leaders to expand and strengthen bilateral cooperation in tackling current crises as well as meeting regional needs in the twenty-first century.

2 June 2009

THE AGE

TESSA MORRIS-SUZUKI

## North Korea's bluff should be taken seriously

When I was in North Korea earlier this month, there was one thing that caught my attention: what was happening (or, to be more precise, what was not happening) on the highway between Pyongyang and Kaesong. The road between Pyongyang and Kaesong is North Korea's only decent highway, and for a good reason—it is along this route that most troops would have to move to reach the 38th parallel which separates North from South. I had travelled along the highway before, in 2005. On that occasion, it was full of all the normal traffic of a North Korean main road: people on bicycles, in ox-drawn carts, walking very long distances, or chatting and reading books by the road as they waited for a passing truck to give them a lift.

But this month, the highway was eerily empty of everything except the occasional motor vehicle. The only people in sight were teams of villagers and schoolchildren, who were energetically pruning every weed and bush on the side of the road. Despite their country's reputation for inscrutability, school kids in North Korea are much like school kids anywhere: most of the girls were assiduously digging up weeds as per instructions; half the boys had skived off to sit on top of the embankment and wave at every passing car.

I could think of only two possible explanations for the uncanny emptiness of the Pyongyang–Kaesong highway: either some very significant bigwig was about to pass this way; or otherwise the road was being cleared in case it was suddenly needed for moving a mass of troops to the border with the South. Three weeks ago I thought the latter explanation seemed improbably grim. Now I'm not so sure.

When the Democratic People's Republic of Korea's (DPRK) leaders make dramatic statements about acts of war and tearing up armistices, the worst mistake anyone could make is to think they are bluffing and to try to call their bluff. North Korean politicians do not make jokes. Even if some of their statements start out as bluster, the bluster has a nasty way of becoming fact. To back down would be humiliating, and the thing that North Korean politicians most dread is humiliation in the eyes of the world.

Several factors make the current crisis in relations with the DPRK particularly explosive. The outside world is weary of the decades-long process of on-again, off-again engagement with North Korea. After repeated failed agreements, it is all too tempting to abandon negotiation and take a tough stance. But impatience with negotiations is dangerous, doubly so because it is shared by the North Korean side. While the US and others focus on North Korea's broken promises, the North Koreans see only the promises broken by South Korea and its US ally.

To give just one much-resented example, in October 2007 North Korea and South Korea (under the administration of the late Roh Moo-hyun) agreed to a range of steps to promote bilateral peace-building and economic cooperation, including the creation of a joint fishing area and a special 'peace zone' on their west coast. But the conservative Lee Myung-bak administration, elected at the end of 2007, took a dim view of these agreements and allowed them to languish.

Lee Myung-bak's hardline North Korean policy, indeed, came as a surprise to some South Koreans and probably to some North Korean bureaucrats, who initially expected the new regime to make few changes to existing engagement with the North. If you are a North Korean, making mistakes about such things can have very unpleasant consequences. Choe Song-chol, a North Korean bureaucrat who had been playing a leading role in engagement with the South within the North Korean regime, is believed to have been executed last year for inaccurately making optimistic predictions on political developments in South Korea.

Since the middle of last year, hardline forces have increasingly been in the ascendancy in North Korea, and it is now clear that they are prepared to

take drastic steps. Everyone (including, surely, most of North Korea's own leaders) knows that if it came to military conflict, North Korea would lose. North Korea's bombs are suicide bombs. But by now the world should be only too well aware that desperate people are often willing to become suicide bombers, and that the devastation they cause can be horrible.

In 1994, at the height of a similar crisis, the commander-in-chief of US forces in South Korea estimated that an all-out war with North Korea would probably leave one million people, including 80,000–100,000 Americans, dead. As far as I am aware, that estimate has never been revised. If it came to war, the inevitable military defeat of North Korea would not end with the citizens of Pyongyang welcoming American and South Korean troops as liberators and tearing down the statues of Kim Il-sung. It would end in a massive humanitarian disaster and an unholy political, social and economic mess, which the rest of the world (but most particularly South Korea) would spend decades trying to sort out.

And how might China react? It is hard to imagine China either joining a coalition of the willing against the North Korean regime or sitting idly by as US, South Korean and allied forces (in a replay of 1950) advanced towards the Yalu. Violence on the Korean Peninsula would profoundly destabilise the relationship between China and the US, and between China and its other Asian neighbours at the very moment when good relations are most essential to global political and economic stability.

The emerging crisis in Korea is one of the most serious challenges faced by the Obama administration to date. The United States, whose actions will be the key to addressing this crisis, urgently needs a clear, coherent and imaginative North Korea policy. This policy must include positive measures to create channels of communication and spell out a long-term path away from conflict, rather than simply entering into a vicious cycle of hostile response and counter-response.

6 June 2009

EAST ASIA FORUM

RON HUISKEN

## Is Pyongyang reacting to or shaping events?

In a fit of calculated fury, North Korea has undone the work of several years of negotiations, declared the armistice agreement that ended the Korean War in 1953 to be null and void, and promised ‘merciless’ retaliation against anyone that violates its unilateral definition of sovereign rights.

Subtlety and imagination are among the many things in short supply in Pyongyang. Policy setbacks lead the regime to press the only button on the console: belligerence. Even so, the latest phase of ill humour is strikingly fierce.

Why? Has one or more of the other five participants in the Six-Party talks done something so aggressive or insulting that Pyongyang was left without a choice? If not, then perhaps Pyongyang wants to be where it currently is and has inflated lesser policy setbacks to the point where it believes they can serve the constructed appearance that the Democratic People’s Republic of Korea (DPRK) has responded to extreme provocation.

Back in October 2008, the Bush administration removed the DPRK from its list of state sponsors of terror and from the provisions of the Trading with the Enemy Act. This was done in response to Pyongyang having begun the process of disabling its Yongbyon reactor and reprocessing facility, and providing its comprehensive declaration on all its nuclear facilities (although the declaration had some significant shortcomings).

A popular line of speculation is that since that time Pyongyang has felt increasingly sidelined and resentful of Washington’s preoccupation with changing administrations, the global financial crisis, relations with Russia, China and Cuba and so on. The DPRK, it is suggested, is simply demanding

to be reinstated as the first priority. I don't find this persuasive.

We also have a new government in Seoul that has dropped the 'sunshine' policy of unconditional engagement in favour of linking aid and economic cooperation to developments in the political relationship and, specifically, progress on denuclearisation in the Six-Party talks.

Pyongyang has reacted adversely to this development, not least by putting in jeopardy the joint venture in Kaesong. Again, this is hardly an adequate explanation for scrapping the Six-Party talks, conducting a second nuclear test and threatening war.

An explanation begins to emerge when one recalls that in February/March this year, Pyongyang announced that it intended to launch a satellite. Pyongyang would have been aware of how provocative this would appear to the US and Japan in particular and how close it was to being a violation of United Nations Security Council (UNSC) Resolution 1718, passed after its first nuclear test in October 2006.

It is certain that Beijing used its connections to stress the same points. Not only did Pyongyang proceed with the launch, it threatened beforehand that even a hint of protest from the UNSC would elicit strong retaliation.

This introduces the possibility that Pyongyang was seeking to create the circumstances in which it could present the second test and its other actions as a response to provocation, that is, the fault of the hostile attitudes amongst its negotiating partners. The UNSC statement condemning the satellite launch-cum-ballistic missile test was precisely what Pyongyang expected, and sought.

The final piece of the jigsaw puzzle is Kim Jung-il's stroke and, presumably, diminished confidence in his longevity. Many have speculated about a leadership struggle and portrayed the latest developments as part of shoring up support among factions of the elite, especially, one imagines, the military. An equally plausible explanation is that Kim's ill health has already produced a new configuration of power at the top of the DPRK government.

Further, it may be that the consensus among this new group that the Six-Party process would deliver too little to the DPRK, and thus needed to be derailed. It is even possible that the new consensus is that it was a mistake to

agree that the Bomb could be negotiated away, that there was no imaginable deal that would leave the regime in Pyongyang better off than retaining the Bomb.

This line of speculation is reinforced by the thought that Pyongyang has a very limited stock of plutonium, perhaps 30–50 kilograms and that the two tests have probably consumed 10–15 kilograms. The military may have agreed to the second test on the condition that the reprocessing facility be reopened to replenish the stockpile.

The task now is to discover whether Pyongyang still wants to negotiate and, if so, whether those negotiations will be about denuclearisation or some lesser objectives linked to coexisting with a nuclear-armed DPRK.

An approach that is probably among the options being considered is that the UNSC will endorse a regime of targeted sanctions with real teeth, that is, sanctions that signal an intent to unseat the present leadership. Implementation of the sanctions could be deferred pending a visit to Pyongyang by a high-profile emissary (Bill Clinton and Colin Powell have been mentioned) to ascertain the scope for new negotiations.

While Beijing, in particular, will be loath to contemplate such a course, Pyongyang has now twice aggressively rejected its counsel: as recently as January this year, a senior Chinese envoy met with Kim Jong-il and secured a reaffirmation of the DPRK's interest in denuclearisation. In addition, Beijing has been a trenchant critic of unipolarity and championed the 'democratisation of global leadership'. It would not relish yet another example of the UNSC being exposed as impotent when it comes to the hard issues of protecting international peace and security.

This reading of the tea leaves suggests that Pyongyang wants any re-engagement to be premised on its status as a state with nuclear weapons. US Secretary of Defense Gates signalled in Singapore last week that the US was not prepared to proceed on this basis.

Seoul has not backed away from its insistence that economic aid and investment in the North will be made conditional on progress in the Six-Party talks, and underscored this posture by confirming its intention to join the Proliferation Security Initiative.

Tokyo has for some time been an advocate of a harder response to Pyongyang's provocations and made no secret of its disappointment in Washington's decision last year to drop the DPRK from the list of states that sponsor terrorism.

That leaves Russia and, especially, China. China has consistently declined to give denuclearisation priority over regime stability. Abrupt change of any kind in Pyongyang could not only become violent and result in a heavy influx of refugees from the DPRK, it would also make it more difficult for China to steer longer-term outcomes to its advantage.

Will Beijing now conclude that the DPRK is set on a course too likely to result in China's worst-case scenario and that supporting harsh, targeted sanctions is the best of the unattractive options still open? The answer, if there is to be one, should be discernible in the response being worked up in the UN Security Council. What is clear is that Pyongyang has crossed the Rubicon and elected to see what the future holds for it as a state with nuclear weapons.

# Malaysia

26 February 2009

EAST ASIA FORUM

AMRITA MALHI

## **Sex, race and religion still political weapons in Malaysian politics**

The Malaysian national and state elections on 8 March 2008 surprised all observers. Prime Minister Abdullah Badawi's ruling coalition, Barisan Nasional, lost its two-thirds majority in the federal parliament, and a coalition of secular and Islamist opposition parties, Pakatan Rakyat, won five state governments. The election saw Malaysia's ethnic voting patterns break down to an unprecedented extent.

Pakatan leader, Anwar Ibrahim, heralded the result as a 'new dawn' for Malaysian politics. Pakatan's rise seemed to finally enable the creation of a new politics that could somehow unite both Islamists and liberal cosmopolitans against ethnic and religious political manipulation.

Very quickly, however, the possibility of a genuine political challenge

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A slightly edited version was posted on *East Asia Forum*, <http://www.eastasiaforum.org/>, 26 February 2009.

to Barisan began to fade. Instead of articulating a post-racial narrative for Malaysia, Anwar's major strategy since the election has consisted of seeking defectors from the ruling coalition. He even suggested 16 September as the date Pakatan would gain the numbers to form a new federal government. Instead, almost one year on, Pakatan's state government in Perak has collapsed. Pakatan representatives have crossed over to become Barisan allies instead, reportedly in return for millions of ringgit in payment. Media speculation over the viability of the Selangor and Kedah Pakatan governments is intense.

Malaysia's 'new dawn' has been reduced to a sheer numbers game. The grim calculus of attaining numerical dominance in state and federal legislatures, in turn, has seen important players launch cynical and calculated attacks based on sex, race and religion against Pakatan parliamentarians.

Two recent events have revealed that sex, race and religion are still major political weapons in Malaysian public life.

A Pakatan member of the Selangor state assembly, Elizabeth Wong, offered her resignation on 18 February 2009, after photographs of her sleeping semi-naked were leaked to the *Malay Mail*, a government-linked tabloid. The photographs appear to have been taken without Wong's consent by a former partner and political ally.

On top of the cruelty of the public betrayal, and despite Wong having broken no laws, the photographs were immediately used to slur her character. Former Barisan Chief Minister for Selangor, Mohamad Khir Toyo, quickly declared that 'This is about morality.' It was not necessary to elaborate, but Khir persisted, 'She is a single person. How can she allow a man into her room when they are not married?'

The Pakatan leadership has hesitated over accepting Wong's resignation, but for now she has effectively been shamed off the political stage. She has been one of Pakatan's brightest stars, one of the most capable of articulating the new politics that was promised last year.

Months earlier, in September 2008, another high-profile, ethnic Chinese Pakatan member for Selangor, Teresa Kok, found her parents' home had been firebombed. Some weeks beforehand, the same Khir Toyo had used

his blog to allege that Kok had asked a mosque in her constituency to cease amplifying the *azan* (Muslim call to prayer). The accusation was repeated in another newspaper, *Utusan Malaysia*. Mosque officials quickly revealed that the amplifier was actually faulty, but Kok was arrested and detained under the Internal Security Act, which allows for indefinite detention. Several Muslim NGOs, widely regarded as government fronts, quickly declared Kok an enemy of Islam. Fortunately for Kok, other prominent Muslim organisations denounced her detention and she was released a week later. Regardless, the insinuations continued, and Kok was accused of wearing a short skirt to a Ramadan meal to break the fast. Attached to the Molotov cocktails thrown at her parents' house was a note which mocked her racially, called her a pig, and threatened that she would burn next.

These two women's public humiliation has been driven by two developments following the election. First, Kok was detained on 12 September, days before Anwar's federal government crossover deadline. The political defectors, however, did not exist. Second, Barisan's reduced majority has created much bitterness within its main constituent party, the United Malays National Organisation (UMNO). Abdullah was immediately blamed for the poor election result. A political succession deal was brokered and Deputy Prime Minister Najib Tun Razak will apparently become prime minister next month.

Khair, too, is involved in a major power struggle. Vying for the position of UMNO Youth chief, Khair is hoping to undermine the Pakatan state governments with appeals to racial and religious majoritarianism. He is also playing to widespread community acceptance of the moral surveillance of Malay-Muslim women by the family, the public and the state.

The moral insinuations which result, along with frequent racial and religious slurs against un surveilled others, are key features of Malaysian political life. Non-Malay, non-Muslim, un surveilled and immoral: two prominent, unmarried and politically capable ethnic Chinese women hit all the important political triggers at once.

Pakatan component parties have condemned the attack on Wong's character. However, Islamists in the coalition—like Barisan—have an interest

in the didactic public discussion of women's bodily choices. Their interest in public morality competes with their liberal coalition partners' interest in individual liberty and equality of opportunity.

Other power brokers are focused on keeping the coalition together, and the arithmetic of winning two upcoming by-elections in Perak and Kedah states. Without a coherent, unifying political vision to bind the coalition, Pakatan has lacked the political resources to defend Wong, and her fate is uncertain.

*27 April 2009*

NEW MANDALA

GREG LOPEZ

## **Najib's and UMNO's survival**

Najib Tun Razak was sworn in as Malaysia's sixth prime minister on 3 April 2009. He takes over the prime ministership of Malaysia at a critical juncture in the history of his political party and Malaysia. On the global front, Malaysia is battered by the worst global economic crisis since the Great Depression. Domestically, Najib's ruling party, the United Malays National Organisation (UMNO) and the coalition that it leads, the Barisan Nasional (BN), are at their lowest ebb, suffering a backlash from citizens fed up with the blatant abuse of power from a regime that has ruled Malaysia since independence in 1957.

Najib realises that reform of UMNO is critical for his and UMNO's survival. He watched how Abdullah Ahmad Badawi's fortunes turned him from 'party hero', leading UMNO and BN to the resounding victory in

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the 11th general election in 2004 when Malaysians gave him the biggest mandate for an incoming administration ever, to ‘a failed leader’ in the 12th general election, where the electorate punished him, UMNO and BN for squandering the mandate given and betraying the people’s trust by not instituting the reforms that were promised. Badawi has since been removed as UMNO needed a scapegoat. Najib knows that he will face the same consequence if he does not deliver victory for UMNO. For all the promises of loyalty and the feudal mentality that pervades it, UMNO nonetheless is ultimately driven by money and power.

Najib, who headed BN’s operations during the election campaign in the 12th general election in 2008, is aware of the following facts. BN lost four states on the more prosperous west coast of the peninsular—Kedah, Penang, Perak and Selangor—while failing to retake poverty-ridden Kelantan on the east coast, which has been in opposition control since 1990. BN only obtained 49 per cent of popular votes on the peninsular. Sabah and Sarawak saved BN. Although BN won 140 of the 222 parliamentary seats, 54 of them came from these two states on the island of Borneo, confirming that Borneo island politics are not linked to the peninsular. Most importantly, the popular vote obtained by UMNO in the peninsular was 35.5 per cent which was matched closely by the combined votes of Anwar’s Justice Party (Parti Keadilan Rakyat) and the Islamist party (PAS).

This trend is also evident in that BN has lost all four by-elections in peninsular Malaysia with a face-saving win in Sarawak, the only by-election to date on the Borneo island. The three most recent by-elections were held simultaneously in an attempt to weaken the opposition’s campaign organisation (two in the peninsular, one in Sarawak). It was held on 7 April 2009, four days after Najib was sworn in as prime minister. BN lost two with a face-saving win through one of its component parties on the island. BN and UMNO campaigned on the platform of giving the new prime minister and his policy of ‘One Malaysia, People First, Performance Now’ a chance; it did not resonate with the electorate, however. Even more worrying is that in all these by-elections, the opposition’s winning margin increased over that in the general election despite BN training all its and the state’s resources

and machinery against the opposition.

Najib also understands that Malaysia's economic fortunes—BN's claim to legitimacy—are trending downwards. Economic growth over the past 18 years has averaged just a little over 6 per cent while the average growth rate since the East Asian financial crisis of 1997–98 has been only 4 per cent. This is worrying as the performance has undershot all BN government targets. In the Vision 2020 Policy, economic growth was targeted at 7 per cent per annum from 1991 to 2020; in the Industrial Master Plan III, the target was 6.3 per cent for the plan period from 2006 to 2020; and the 9th Malaysia Plan (2006–10) sets the target for 6 per cent. While the reasons for Malaysia's lacklustre economic performance are varied, the opposition has successfully laid the blame squarely on BN's incompetency and corrupt practices; an electorate hard hit by the current global economic crisis and experiencing long-term deterioration in government delivery of services have heartily accepted this proposition. This, of course, has raised serious questions about the credibility of the BN government's ability to deliver on economic growth—BN's final claim to legitimacy. The slowdown in the global economy has also made Najib's task more difficult, as Malaysia, the third most open economy in Asia, relies heavily on international trade.

Najib also faces a weakening domestic fiscal position. Ever since affirmative action was introduced in a big way through the New Economic Policy (NEP) in 1970, the government has never had a balanced budget or surplus except for the period 1992–97, interestingly when Anwar was finance minister. Budget deficits have been the norm despite economic cycles and, since 1999, budget deficits have consistently exceeded forecast outcomes. While federal government debt for the period 2000–08 averaged at 42.6 per cent of GDP is manageable, it is steadily increasing as revenues progressively fall due to limited sources of new growth areas, higher thresholds before individuals are taxed, increased exemptions from taxable incomes, depleting natural resources, and mismanagement and wastage of public funds.

Najib also realises that he comes with heavy baggage. He is the ultimate UMNO insider. He was ushered into politics at the age of 23 in 1976 upon the death of his father, taking over his father's parliamentary seat. Being

the son of the highly respected second Prime Minister, Tun Abdul Razak, and the nephew of the third Prime Minister, Tun Hussein Onn, meant that his path up the ladder in UMNO was secured. His tenure as chief minister of the state of Pahang and deputy minister or minister of various other ministries was lacklustre. Most telling was his tenure as defence minister, which was scandal-ridden with allegations of various shady defence deals; a high number of deaths of Malaysian armed forces personnel while flying obsolete and poorly maintained fighter planes and helicopters (almost 90 military personnel and civilians are reported to have died flying Nuri helicopters); a national service program which has resulted in the deaths of 17 young Malaysians; and, finally, with the allegation of being complicit in a murder of a Mongolian national.

With all these setbacks, Najib realises that he must convince UMNO and BN that the critical challenge to his and their survival is to deliver on economic growth and improve race relations by ending, or at least tempering, patronage politics and improving government efficiency, which had been the hallmark of the successful BN machinery of past years. Najib's policy slogan of 'One Malaysia, People First, Performance Now' may demonstrate that he (and UMNO) is beginning to understand that although Malaysia remains a country with deep-rooted racism, Malaysians of all races, creeds and colours are increasingly doubtful about BN's continuing rule. The BN/UMNO's strategy of dividing the races has not worked in the same way as in years gone by. Voting patterns, especially among the younger generation (below 35), reveal the willingness of voters, irrespective of race and social class, to vote for the opposition.

Najib may also realise that only substantive reforms will give him and UMNO a serious shot at redemption. Immediately after becoming the prime minister, he released 13 individuals (including three Hindu Rights Action Force (HINRAF) leaders—a people's movement advocating fair treatment for the minority Malaysians of Indian heritage) held under the Internal Securities Act (ISA)—an act that provides for detention without trial for unlimited period. Najib also revoked the suspension of the biweekly internal newspapers of Parti Islam Semalaysia (PAS) and Parti Keadilan Rakyat

(PKR) hoping to influence the by-election. It, however, had no effect. Najib correctly pointed out after the by-elections that BN had to ‘shape up or ship out’.

As 80 per cent of Najib’s cabinet comprises ministers from the previous Badawi administration, many having dubious records, it is unclear how his administration will proceed in addressing the work that is needed, given all the challenges UMNO, BN and Malaysia is facing. Najib, following previous trends, has indicated that there is a need for reforms and has implemented some symbolic changes. Whether it is sufficient—only time will tell. But one thing is for sure, Malaysians will not tolerate ‘business as usual’.

# Pacific

22 May 2009

THE ECONOMIST

JON FRAENKEL

## **PNG and the Solomon Islands: splendid isolation**

### **Port Moresby**

We touch down at Jackson International Airport and drive out amidst aircraft hangers and signalling towers. The Air Niugini planes here used to be painted in dazzling bright crimsons, oranges, yellows and greens to depict the plumage of the bird of paradise, the national symbol. 'Land of the Unexpected' was emblazoned on the fuselage in a sales message that emphasised the unpredictability of Papua New Guinea. Passengers got worried. So PNG Airlines instead adopted more demure and conventional aircraft markings. On a hill overlooking the runway, the Airways Hotel, where I am staying, is a bolt-hole for arriving expatriates; a citadel surrounded by barbed wire where even internal access doors and lifts need to be operated

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by card keys. The Cypriot owner of the hotel was killed earlier this year by Port Moresby's rascals, after he tried to run a road block. His mistake, so I am told, was not to follow the standard advice of surrendering car, money and all other property to save his skin. The chief of police demanded that the people living in the nearby settlement surrender the culprits. When they did not, mobile forces razed their houses to the ground.

It is for this kind of incident that Port Moresby has acquired a reputation as 'the most unliveable city in the world'. Foreigners and wealthy Papua New Guineans inhabit fortified apartments on the top of the hills open to the cooler sea breezes, hidden behind high fences bristling with razor wire and spy cameras. Private security guards are everywhere, and police armed with machine guns man key intersections around town. But is the threat to life and limb any greater than in Lagos, Baghdad or Caracas? I doubt it. And are global tastes so uniform as to allow the world's capitals to be effortlessly scaled by their liveability? Port Moresby may be an eccentric choice, but it has its charms. It is an urban island in a sea of rural villages. It is a headquarters of government in a land where the state matters little. It is a magnet for the ambitious, the footloose and the renegade. It brings together peoples from across a country of six million people that is so diverse as to be home to 12 per cent of the world's living languages.

For those expatriates who speed in big four-wheel drives between their wire-encircled apartments and 'fortress shit-scared' (as the super-secure Australian High Commission compound is called), life outside the safety zones seems tough. For those of a more adventurous disposition, Port Moresby has more to offer. And so do the remote hinterlands beyond and the scattered islands that lie northeastward of the mainland into the Pacific Ocean. Besides, things are getting better in Port Moresby, so I am told. The streets are safer than they used to be, a minibus driver assures me, because the police now shoot to kill. And former student radical, Powes Parkop, has become governor of the National Capital District. His 'Yumi Lukautim Mosbi' (We look after Port Moresby) campaign has helped to clean up the city streets and to restore some sense of civic pride.

We are at the University of Papua New Guinea. Deputy Prime Minister

Dr Puka Temu is speaking, articulately and sensibly. He says Papua New Guinea is subsidising the carbon emissions of the rich countries, and that if they paid for this at today's prices of US\$30 per tonne of carbon dioxide, earnings would exceed the country's receipts of development aid. He is referring to the REDD scheme (reducing emissions from deforestation and degradation) under which industrialised nations that cannot meet carbon-reduction targets can buy carbon credits from countries like PNG, which has the world's third-largest intact tropical rainforest.

PNG is a leading member of the 'Coalition of Rainforest Nations', of which Dr Temu's boss, Prime Minister Sir Michael Somare, is co-chair. At last year's climate conference in Bali, coordinator of the coalition, PNG's Kevin Conrad, advanced the REDD plan for paying villagers to leave natural rainforests untouched, gaining global notoriety for challenging the USA to 'lead, follow or get out of the way'. To preserve forests, Prime Minister Somare has set up the Office of Climate Change and Environmental Sustainability (OCCES) which hopes to make intending traders register officially, so as to avoid the carbon cowboys striking lucrative deals with unsuspecting landowners. Oddly, other parts of government are marketing rival carbon trading schemes, and the East Highlands Governor Malcolm Kela-Smith challenges the rights of the OCCES to appropriate any earnings from land under customary tenure. Although keen to embrace potential carbon earnings from leaving forests untouched, many of the ministers in Somare's government have links with logging companies.

## **Alotau**

It always rains in Milne Bay. Clouds hang over the high mountains on each side of the 12-mile-long inlet, and the heavy rain seems to get pulled down into the bay upon which sits the provincial capital, Alotau. People from colder climates imagine day after day of sunshine in the tropics, but anyone who has lived long in such parts knows that it rains often, long and hard. Two hundred inches a year in Milne Bay. What look like house plants in the frosty sitting rooms of England soar upwards here as giant creepers climbing dank black tropical tree trunks. The grass squelches under foot as

if the earth were a porous sponge. When sunshine comes, it thumps down on the moist ground, but the air still hangs heavy and humid as if a reminder that the respite is only temporary. Rain also brings cool breezes, a relief from the thumping of the sun. It drums down on the rooftops, drowning out the sound of speech. It drenches all who dare step out to meet it.

It rained on the day the Japanese landed in Milne Bay. Twelve hundred troops from the 5th Sabeto and 5th Kure Special Naval Landing Forces came ashore on 25 August 1942 and within days their numbers had swelled to twice that size. They came to support the simultaneous overland Japanese assault through the interior across the Kokoda trail aimed at taking Port Moresby. Milne Bay sits on the southeasternmost tip of mainland New Guinea, from where an airstrip might have allowed command of the shipping lanes between Australia and America and enabled the bombing of Australia's coastal cities. Japanese forces wanted to seize the Gili Gili airstrip but were met by fierce resistance from the Australian 61st battalion and punishing raids by Royal Australian Air Force Kittyhawk aircraft. Aircraft had to land on the inland runway in pools of water, and the force of rain and mud hit and damaged the flaps. Nevertheless, they managed to destroy the Daihatsu landing barges, ensuring slow Japanese movement by foot across the boggy terrain. The battle lasted 10 days, before the Japanese navy ordered a withdrawal. It was the first allied land victory in the Pacific War, and a triumph for Australia. The story is well told in Peter Brune's *A Bastard of a Place*—including accounts of savage atrocities against innocent Papuans. Tours still escort Australian war veterans to revisit war sites and recall the action-packed moments of their youth. A rusty anti-aircraft gun outside the airport terminal reminds you of a time when landing here was not so safe.

Alotau is a port town from which vessels come and go to remote, scattered tropical islands stretching eastwards towards the Solomon Sea. What made it become the provincial capital in 1969 was the airstrip left behind by the Pacific War. Across the Pacific Islands, no subsequent generation has been able to match the airstrip construction activity stimulated by war. Nearly all the region's airstrips were built back then. A flight from Alotau to Port Moresby takes around 45 minutes. But few want to see a road built

stretching the 370 kilometres westwards to the nation's capital. It is not that people prefer isolation; there is frustration that the Irish company Digicel has not fulfilled on its promise to bring mobile telephone links to these parts and anger that the government will not let them have direct international flight links with Cairns, the northern Australian city less than a thousand kilometres to the south. It is because a road would facilitate easier linkages eastwards and encourage the spread of Port Moresby's rascals to relatively tranquil Milne Bay.

## Goroka

Children throw pairs of worn-out shoes up into the power cables here, which dangle aloft while the weather rots them away. The prank is to cause power outages so that when repairers come they can be bribed to lay illegal lines to houses. Trapping footwear in the overhead lines became a sport, with champions able to hurl trainers so that they spin by their laces around the lines and stick fast. Wires laden with mouldy shoes now stretch from post to post down the town streets. It looks like an elongated centipede wearing boots.

We are 1,600 metres above sea level, and you need a jumper. Water crashes down streams, giving the place an alpine feel. I've never been anywhere both alpine and tropical before, but it doesn't seem a mismatch. Off the edges of the Papua New Guinea's high, central mountain ranges, rivers loop down through virgin rain forests towards the coasts. From the air they look like children's wiggly doodles, until they straighten and disgorge their loads of brown water out into the blue sea. Heavy rainfall in the interior gives the river water its earthy colour, but inland logging eases its removal of the topsoil. Also inland, copper and gold mines jettison their tailings into the river systems poisoning the fish, for which a little compensation is paid to the cash-poor communities who inhabit the river banks. Maybe one day, the scruffy centipede will jump off the highlands and paddle down river to call a halt to mining and logging.

People lived in splendid isolation in the highlands until missionaries, miners and *kiaps* (colonial officials) arrived in the 1920s and 1930s. The

whites found a million inhabitants, and the highlanders discovered iron tools to replace their stone implements. Although iron never travelled up the hidden and forgotten paths that connected hill dwellers to the coastal peoples, the sweet potato must have done so. No one knows how exactly it got here, only that it came from South America. It thrives at altitudes where the usual Pacific Island lowland staples like taro and cassava will not grow. Using surpluses of sweet potatoes, highlanders could rear pigs, which were prized as symbols of wealth and prestige. With these, they built a 'big man' culture of accumulation, and pigs were also given as payments to allies in wartime. Tribal fighting continues up here, often entailing communal mobilisation around revenge killing. Electoral defeats also spark violence, and battles stemming from the last general election, in July 2007, are still raging here and there.

Today's front page of *The National*, one of PNG's daily newspapers, headlines 'US\$10 million lawsuit: tribesman sues *New Yorker* magazine' and shows a picture of Pulitzer prize-winning geographer Jared Diamond, author of bestsellers like *Guns, Germs, and Steel* and *Collapse*. In an article for *The New Yorker* entitled 'Vengeance is ours', Mr Diamond reported PNG highlander Daniel Wemp's tale of avenging his uncle's death by paralysing a man and of six years of tribal fighting which left 47 people dead. The events took place in the Southern Highlands, near Lake Kutubu. Mr Jared's story is well told, a familiar type of tale in the highlands. The war allegedly started because of a foraging pig ruining a garden and mushroomed into communal warfare, entailing alliances between neighbouring villages and revenge killing on a scale outdoing anything in Aeschylus's *Orestia*. The end of the Handa vs. Ombal War, says Diamond believably, stemmed from the need to build common electoral alliances in the face of an even greater threat from the neighbouring Huli peoples. The trouble is that Mr Wemp now says the story was untrue and that he has never stolen a pig, raped a woman or killed anyone. The revelations feature on the [Stinkyjournalism.org](http://Stinkyjournalism.org) website, run by the Art Science Research Laboratory's Media Ethics Project, which dispatched researchers to the PNG highlands to check on Jared Diamond's findings. They found the allegedly paralysed man to be fit and strong. If Mr

Wemp and his lawyers get the US\$10 million compensation, perhaps they will have found a sweeter than fictional revenge.

## **Madang**

The first shades of light appear in the night sky. It is ANZAC day in Madang, a day of commemoration of the Australia and New Zealand landing at Gallipoli on 25 April 1915. I am at the dawn ceremony. I can just make out what appears to be a huge, white bombshell with a flickering light at the top with its nose sticking into the ground. We are in a grassy field. It is literally spitting with rain, not drizzling. The emerging dawn light reveals a blotchy mix of greys and whites in the cloud-covered sky, but you can feel confident that it will not pour—thank heavens, for I have no umbrella. It seems as if the clouds had already been squeezed nearly dry by a giant pair of hands, so that all that is left is an irregular dripping. Flying foxes cartwheel above the nearby trees as if spinning around on an invisible Ferris wheel. These giant fruit-eating bats give the town's football team its name: the Madang Foxes. What were formerly the dark shapes of assembling people are becoming faintly visible as they take their plastic seats. As the light brightens, so does the recognition: people turn to greet each other. The huge, white bombshell turns out to be the Australian Coastwatchers War Memorial, which doubles as a lighthouse.

Faintly visible shapes are sharpening in form. Brother Andrew, the vice-principal at Madang's Divine Word University, is instantly recognisable. He is the town's most substantial figure, at least around the waist. He greets and walks with the smaller but better known Governor, Sir Arnold Amet, formerly Papua New Guinea Chief Justice but since 2007 serving member of parliament for Madang. Brother Andrew then turns to greet the Australian Defence Force's Captain Gerard Kearns, who has flown in for the occasion. I wonder from where Australia gets all its captains? Canberra sends out military officers to every sizeable town in the southern hemisphere for ANZAC day. Perhaps there is a factory that churns them out by the dozen. Perhaps there is a mail order agency that delivers one to each distant Pacific Island once a year and then packs them away like Christmas decorations for

the next year's celebrations. Brother Andrew introduces the captain to Sir Arnold. The captain permits a half-hearted and brisk handshake and then abruptly turns away, as if following some routine program inserted in the factory. Sir Arnold justifiably looks a little offended.

The ceremonies start. There are prayers and readings, and the United Church Gospel Band strikes up a tune. Captain Kearns makes some perfunctory remarks, following the program on his computer chip. He talks of wartime alliances and unbreakable bonds between Australia and PNG, and anticipates that these will continue into the future. Sir Arnold speaks more thoughtfully, for his people are present. Most are not sitting on the neatly ordered plastic chairs, where I can now see that the dignitaries have shirts and ties. (My own shorts and T-shirt having been exposed by the emerging light of day.) More and more townsfolk have awoken and come out to stand and watch respectfully from around the perimeters of the field. Sir Arnold talks about the war relics that were visible in his youth and conveys the moral closeness of PNG's learned elite to Australia. Over the years, Madang has become a more peaceful alternative to Port Moresby for foreign-financed civil society organisations, businesses and even some of the supranational organisations, but Sir Arnold indicates concern about the growth of crime and the coming of the rascals. He appeals to the community to take better care of its youth. The captain, the governor and the priest lay wreaths, as does a naval officer from the Papua New Guinea Defence Forces with a brisk salute matching that of Captain Kearns. Another Catholic priest, Brother Hugo Andrey takes a polished silver trumpet from a well-kept but aged and musty, black case and plays the mournful notes of the last post. After a minute's silence, he lifts the instrument again to sound the reveille. He returns awkwardly to his seat but with a smile of relief, clearly happy at having again achieved an accomplishment that has been his for many years.

As we depart from the celebrations, a young man spins around with his middle finger pointed offensively upwards and shouts profanely for Australians to go home. It makes me wonder whether the captain factory, or more likely the Catholic priesthood, will be able to keep alliances between Australia and PNG alive in the future.

## Honiara

Our taxi skirts the potholes on the road into town from Henderson Airfield, the international gateway to the Solomon Islands. The driver is from the Lau Lagoon, on the neighbouring island of Malaita, as is recognisable by his distinctive facial markings. We strike up a conversation. He once used all his savings to buy his own taxi, he says, but this was seized by heavily armed Malaitan militiamen who manned roadblocks and controlled the town during ‘the tensions’. Now he has to drive someone else’s car. The ‘tensions’ he refers to occurred in 2000–03 after indigenous people from the island of Guadalcanal threw out all the Malaitan settlers working in rural parts of their island and sent them crowding back into the capital, Honiara. In response, Malaitan militants overthrew the government and blockaded the town, generating an exodus of non-Malaitans out of Honiara. The town severed itself from the countryside. My taxi driver thought, as a Malaitan, he might earn protection under the post-coup order, but the militiamen soon started squabbling amongst themselves, and turned to internecine pillaging, plunder and killing. That’s when they seized his taxi. He yanks the steering wheel left to avoid a pothole, generating a loud, groaning sound from the vehicle’s knackered suspension. We drive on regardless.

On a clear day in eastern Honiara, you can gaze out across the sea and just pick out the dark mountains of Malaita on the horizon. The militants who stole my taxi driver’s car were from the Kwara’ae region in the central part of that island. His home is in the northeastern part, where people inhabit tiny artificial islands off the mainland. He was brought up in Honiara and seldom visits Malaita. Things are better here in Honiara since the Australians arrived in 2003, he explains, you can now drive out safely again to the rural parts of Guadalcanal. During the ‘tensions’, Alligator Creek—just beyond the eastern end of Henderson Airfield—was a front line separating the Malaitan and Guadalcanal militants, who took pot-shots at each other with home-made guns that rarely hit their targets. Few Malaitans dared cross that line.

Near the airport is the Guadalcanal Beach Resort, which has been turned into the main base for Australian soldiers and police. It is a sprawling and

heavily secured mass of air-conditioned porto-cabins, an artificial island of a quite different sort to those in the Lau Lagoon. Owing to the Australian presence, the earlier exodus has been reversed and Honiara's population has doubled in size, encouraging the town's taxi drivers to put their vehicles back into service. We veer rightwards to avoid another giant cavity in the road. Somewhere hidden in the car's interior, ball-bearings send out a shudder of clicks as if in protest at the harsh sunshine having melted away all their grease. We drive on regardless.

We cross the Lungga River, which marks the official boundary of the Honiara Town Council area (as distinct from the wartime boundary out at Alligator Creek). Below the bridge, you can see cars with doors flung ajar being washed in the river, while their cushions dry in the sun on the stony riverbanks. Over recent years, saltwater crocodiles have grown in number along Guadalcanal's coasts and, in the wet season, they swim up the rivers to places like this, occasionally catching people unawares. Before the tensions, they would have been shot by villagers, but with the coming of the Australians the guns have been confiscated. Wild boars have for similar reasons proliferated in the mountainous interior. Due to the absence of locally held weapons, Australian soldiers have assumed responsibility for culling the occasional killer croc, in one of the many signs of a mission creep that has seen the white man take charge of many bits of the government. At least there aren't any Australian taxi drivers yet, we joke. My driver slams on the taxi's ancient brakes to avoid a truck that suddenly veers leftwards straight in front of us, provoking another spasm of clunking from the taxi's interior. We drive on regardless.

The truck is festooned with campaign posters and adorned with foliage. Young men hang off its top, shrieking and yelping at passers-by. They are coming into Honiara after a day campaigning in the North-Eastern Guadalcanal by-election, where the sitting member Peter Shanel is trying to regain his seat. The counting of ballots will take place at the Rove Police Club in town, with assistance from the Australian-funded 'Machinery of Government' program. Mr Shanel lost his seat after being imprisoned for nine months for stabbing a man who kicked his wife during a drunken brawl.

Whatever the verdict in the foreign-influenced courts of law, people in rural Guadalcanal consider the stabbing justified by family honour. The next day we learn that Mr Shanel has been returned with an increased majority. Such incidents in the indigenous interior disturb the operation of the Australian-controlled bits of the social order. The country carries on regardless.

4 August 2009

EAST ASIA FORUM

STEPHEN HOWES

## Vanuatu's recent economic success: lessons for the Pacific

The Pacific Islands Forum meets in Cairns this week. If the leaders of the Pacific's island economies want to know what needs to be done to lift the traditionally low levels of economic growth seen in the region, they would do well to ponder the recent growth record of one the forum's own members, Vanuatu.

Prior to 2004, Vanuatu, like many other Pacific island countries, had a long-term rate of economic growth little different from its population growth, about 2.5 per cent. But economic growth in Vanuatu took off in 2004, and growth for the 2004–08 period has averaged 6.6 per cent.

Due to the global recession, short-term growth prospects are uncertain. But so far this year, tourism growth has accelerated, not declined.

Vanuatu's growth acceleration is important for the Pacific. It dispels the myth that the Pacific island economies cannot grow, and it confirms the

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This article draws on the findings of a Pacific Institute of Public Policy brief on Vanuatu written jointly with Nikunj Soni, which can be found at <http://www.pacificpolicy.org>. Posted on *East Asia Forum*, <http://www.eastasiaforum.org/>, 4 August 2009.

range of factors which are important for growth in the Pacific—a dynamic private sector, active land markets, deregulation, and macroeconomic and social stability.

Vanuatu's recent growth has been led by the private sector, not by foreign aid. Foreign aid is no higher this decade than last.

Tourism and construction have been the two main growth areas for Vanuatu's private sector. The average annual growth in visitor arrivals by air into Vanuatu was 12.5 per cent in the period 2004 to 2008, compared to only 1.8 per cent in the period 1995 to 2003. Cruise-ship visitors to Vanuatu have doubled since 2003. The private sector is reported to be investing heavily in expanding hotel capacity.

Construction growth increased from 7 per cent in 2004 to 25 per cent in 2008. Vanuatu's construction boom has been driven by tourism growth and by expatriates and nationals building houses.

Vanuatu's upsurge in tourism and construction would not have been possible without an active land market. Customary land in Vanuatu can be leased for periods of up to 75 years. Most of Vanuatu's main island, Efate, has been marketed under 75-year leases, and the land markets in the outer islands are now becoming active as well. Vanuatu's land market is not well regulated and disputes over ownership are common. There is also discontent that landowners are not benefiting from subsequent subdivisions and development. These issues need to be addressed since they raise important questions of equity and may lead to a social backlash, but they are very different issues to those which arise in many other Pacific island countries where the land market is dormant.

Vanuatu has also benefited from deregulation. Its opening up of the telecom sector in 2008 led to an increase in mobile subscribers from 23,000 to 100,000 in the space of just 6 months. Air travel between Australia and Vanuatu grew by 19 per cent the year after Pacific Blue started flying to Vanuatu in 2004 from Brisbane, thereby breaking Air Vanuatu's monopoly. A further boost to tourism came in October 2008 when Pacific Blue started to provide competition on the Sydney–Port Vila route. Flights from Sydney to Port Vila cost little more than flights from Sydney to Cairns. Vanuatu is

now also served by Air New Zealand, Air Pacific and Solomon Airlines.

Vanuatu has enjoyed macroeconomic stability in recent years, with relatively low inflation and a slight fiscal surplus in recent years. As many Pacific economies have discovered, however, this is a necessary rather than sufficient condition for growth.

Finally, social stability underlies Vanuatu's recent success. Vanuatu suffered from a fiscal crisis in the late 1990s, two years of negative economic growth in 2001 and 2002, and intense political instability mixed with diplomatic tensions in 2004. Throughout this difficult period, violence was limited. Vanuatu has a tradition of political instability—with nine prime ministers between 1995 and 2004. Perhaps the relative political stability enjoyed since then—with a single prime minister from the end of 2004 to the end of 2008—has helped promote growth.

More fundamentally, Vanuatu's social stability, and its ability to make transitions of power peacefully—national elections in 2008 resulted in another change of government—have provided a supportive environment for economic activity, including by enhancing the country's reputation among potential tourists.

Social stability is a key factor behind Vanuatu's ability to attract and retain expatriates, who bring investment and specialist skills to the economy. Its lack of an income tax is also an attraction for expatriates, though its role as an offshore financial centre seems to have played little role in its recent growth.

Vanuatu, like other Melanesian countries, has traditionally lacked access to foreign labour markets. However, Vanuatu was included in, and in fact is the biggest beneficiary of, the Recognized Seasonal Employer program, which provides temporary farm employment in New Zealand. Over 1,700 ni-Vanuatu participated in the scheme in its first year in 2008. Vanuatu has also been included in Australia's Pacific Seasonal Worker Pilot Scheme, which commenced this year.

Vanuatu's future is by no means assured. All small island economies are easily destabilised and Vanuatu faces a range of challenges. But it is time to recognise that Vanuatu has good prospects for sustained, rapid growth. For

five years, Vanuatu has enjoyed broad-based, private-sector-led and relatively rapid growth in excess of 5.5 per cent. Tourism, construction and seasonal migration will continue to offer opportunities for new employment, not only for Port Vila but also for the Outer Islands.

There is a lot the Pacific can learn from Vanuatu.

# Pakistan

*November/December 2008*

THE DIPLOMAT

WILLIAM MALEY

## **Urgent: Pakistan**

'If they don't rise to this challenge, they are finished,' stated the Pakistani defence analyst Talat Masood of the country's political elites, in response to the horrific bombing of the Marriott Hotel in Islamabad on 20 September 2008 as guests were celebrating the end of a day of fasting for the holy month of Ramadan. Never have the effects of terrorism been so directly felt in the heartland of the Pakistan establishment, and never have the challenges for the government of Pakistan in crafting a response been so difficult. The Marriott bombing came at a time when Pakistan's own position as a frontline state in the Bush administration's 'war on terror' appeared increasingly shaky, both because of mounting anti-Americanism in Pakistan and because of Pakistan's own perverse involvement in hosting terrorist groups, which had led to a number of US military strikes against targets in Pakistan's Federally Administered Tribal Areas.

Unfortunately, the situation is already so dire that the available options are all beset with significant problems of their own. The global economic crisis has also engulfed Pakistan, pushing its economy to the precipice of bankruptcy.

Furthermore, the crisis in Pakistan, with all its implications for the wider region, comes at a time when the NATO mission in neighbouring Afghanistan seems increasingly under stress, when major powers are entangled in managing the effects of a daunting economic crisis, and when the United States is in the process of putting in place a new president, who will not, however, take up office until January 2009.

The roots of Pakistan's problems can be traced to the 1970s. The loss of East Pakistan (Bangladesh) in 1971 set off a chain of events that culminated in the seizure of power by General Zia ul-Haq in 1977. In contrast to many of his peers in the Pakistan military establishment, Zia was a devoutly religious figure and took the fateful step of permitting two religious groups, the Jamaat-i-Islami and the Tablighi Jamaat, to proselytise within the ranks of the military.

While Zia was briefly an international pariah following the 1979 execution of the former leader Zulfikar Ali Bhutto, the Soviet invasion of Afghanistan in December 1979 brought him back to international respectability: Pakistan became the frontline state through which international assistance, principally from the United States, was channelled to the Afghan resistance known as the Mujahideen. However, there was a lethal twist to this as well. Pakistan had long had poor relations with Afghanistan as a result of an 1893 boundary demarcation between Afghanistan and British India, which had split the Pashtun ethnic group. Zia was resolute that this dispute should not be revived.

As a result, Pakistan was determined that aid for the Mujahideen supplied through its own Inter-Services Intelligence Directorate (ISI) should go less to nationalist groups or to Mujahideen commanders with strong bases of support, such as Ahmad Shah Massoud in northern Afghanistan, and more to radical religious parties, like the Hezb-e Islami of Gulbaddin Hekmatyar, that were very much the clients of Pakistani patrons and therefore unlikely to

deal amicably with Pakistan's arch-enemy, India. This philosophy ultimately led Pakistan to promote the Taliban as successor-client to Hekmatyar's Hezb once it became clear after 1992 that Hekmatyar was incapable of seizing and occupying significant territory and could only act as a 'spoiler'.

The Taliban, capitalising on their support from Pakistan and the exhaustion of other Afghan forces, succeeded in occupying Kabul in September 1996, but remained international outcasts, largely because of their ultraconservative approach to gender issues. Their 'support' substantially collapsed after September 2001, as soon as it became clear to ordinary Afghans, who had suffered under Taliban rule, that the Taliban could be overthrown.

However, while the Taliban regime was obliterated by Operation Enduring Freedom, the Taliban themselves managed to make their escape. As Ahmed Rashid has brilliantly documented in his recent book *Descent into Chaos*, the top leadership headed for the Pakistani city of Quetta, and many foot-soldiers followed; some were even evacuated in a Pakistani airlift from the besieged pocket of Kunduz in northern Afghanistan, which the Bush administration naively allowed to proceed.

This set the scene for a revival of the Taliban in the future, and from 2003 Taliban activities began to increase, although it was only in 2007 and 2008 that the seriousness of the problem of Taliban resurgence began to register in Western capitals given the huge distraction created by the 2003 US invasion of Iraq. Even President Musharraf admitted Pakistan's role: in a speech in Kabul in August 2007, he candidly stated, 'There is no doubt Afghan militants are supported from Pakistani soil. The problem that you have in your region is because support is provided from our side.'

But in the meantime, trouble was brewing in Pakistan as well. The risks of promoting a group such as the Taliban were always high. In 1999, not long before the coup in Pakistan that brought General Pervez Musharraf to power, a senior Western official spoke bluntly to then Prime Minister Nawaz Sharif, saying, 'You are sending these young men into Afghanistan telling them that Ahmad Shah Massoud is not a good Muslim. What makes you think that they will not come back here saying that you are not a good Muslim?' Massoud was assassinated by al-Qaeda agents on 9 September

2001. Benazir Bhutto, whose administration had backed the Taliban in 1994, met a similar fate in the Liaqat Bagh in Rawalpindi in December 2007. The prime suspects in her murder were the Pakistani offshoots of the Taliban.

The slaying of Benazir Bhutto was one of the most dramatic events in a slide which began with the move by Musharraf on 9 March 2007 to remove the highly respected Chief Justice of Pakistan and culminated in Musharraf's own resignation on 18 August 2008, followed by the installation of Benazir's widower, Asif Ali Zardari, as president.

The intervening months saw a popular middle-class movement of lawyers and intellectuals take to the streets to challenge the assault on a judiciary that was finally moving to give meaning to the rule of law. They also saw a crisis in July 2007 as force was used to evict militants from the so-called 'Red Mosque' (Lal Masjid) in downtown Islamabad; and a rolling crisis as militant Pakistanis and sundry other extremists associated with the Pakistani Tehreek-e-Taliban hit targets in the Federally Administered Tribal Areas (FATA) and, increasingly, in settled parts of the Northwest Frontier Province, driving many thousands from their homes. Finally, elections on 18 February 2008 delivered a crushing defeat to Musharraf's supporters, setting the scene for the slow death of his regime. But through this period, one other phenomenon of note occurred: a steady climb in popular anti-Americanism, as the Bush administration sought to stand by Musharraf as Pakistanis increasingly abandoned him in disgust. This has left the United States in the post-Musharraf era with a significant burden of past failure to overcome.

Radicalism is not deeply grounded in the general population in Pakistan, as the February 2008 election clearly showed. It is nonetheless a very serious threat to stability, since Pakistan is a nuclear-armed state and a number of key institutions such as the ISI have been deeply penetrated, something which the recent appointment of the reputedly moderate Major-General Shuja Pasha as ISI director-general can only begin to correct. The terrorist attack on the Indian Embassy in Kabul on 7 July 2008, in which US agencies reportedly concluded the ISI was implicated, highlights the seriousness of this problem.

With its key intelligence agencies compromised, Pakistan is not only a questionable partner in the struggle against the Afghan Taliban, but poorly placed to deal with its own Taliban problem. In Washington, this has spawned an important but as yet unresolved debate on how both Pakistan and Afghanistan should be handled. Increasingly, policymakers see the situations in the two countries as inextricably intertwined, but where that leads in policy terms remains contested.

How, then, might Pakistan proceed? The sharp rise in anti-Americanism in the recent past has somewhat changed the context in which outside powers must deal with Pakistan. The risk it creates is that public pressure on the new authorities under President Zardari and Prime Minister Yousuf Raza Gilani to move promptly against the terrorists and their sanctuaries in the FATA may prove counterproductive, simply weakening the new rulers' positions.

However, the story does not end there, because across the border in Afghanistan, ordinary people are increasingly frustrated that they run the risk of being killed as collateral damage in attacks on the Taliban, while Taliban sanctuaries in Pakistan are left largely untouched. There is therefore a limit to the freedom that the US and its allies can safely leave to Pakistan to sort out its problems—for 'its' problems are grave problems for the wider world as well.

The best way to proceed is in the form of discreet but intense pressure on Pakistan, perhaps through a process of engagement that seeks to mobilise the support of Pakistan's long-standing friend China to arrest the Afghan Taliban leaders and their supporters in Quetta. This would not end the insurgency in Afghanistan, but it would send a strong signal that the winds of change were beginning to blow through the region, and it would also position Pakistan's authorities to address their own Taliban problem from a position of greater perceived strength.

In the longer run, there is much to be said for the pursuit of an integrated approach to the interlocking security dilemmas in South and West Asia that have so long been overlooked by key actors in the wider world. But most of all, it is necessary to appreciate the seriousness of the challenge that the deteriorating situation in Pakistan poses. It is the first nuclear-armed state

that is also a threshold failed state, and in a profoundly stressed region. Given its parlous condition, merely hoping that things will improve is not going to avert what could be a disaster of catastrophic proportions.

11 May 2009

CRIKEY

SHAKIRA HUSSEIN

## Inside Pakistan's Jalozei refugee camp

Jalozei refugee camp is once again packed with destitute people. The camp has housed waves of Afghan refugees since the years of Soviet occupation. Last year, the Pakistani authorities closed the camp, ordering its inhabitants—some of whom had lived there for decades—to either return to Afghanistan or to relocate to other settlements in Pakistan. Dwellings in the camp were demolished, and an era apparently ended.

Now, as the camp refills, this time with Pakistani refugees fleeing the conflict in Swat, another tragic era begins. Last month, the Pakistani parliament passed a regulation allowing the Taliban to administer its own form of Sharia law in the areas under its control, in return for a ceasefire. However, the Taliban were emboldened rather than constrained by this attempted settlement and expanded their operations ever closer to Islamabad.

For years, the Pakistani military has used these militants as its proxies in maintaining its influence inside Afghanistan and in the seemingly never-ending confrontations with India. Pakistan has been positioned as a valuable ally in the 'war on terror' (and has received lavish amounts of US aid accordingly), but its political and military establishment has played both sides,

collaborating with the same forces that it was supposedly confronting.

Now under pressure both from spiralling numbers of terrorist attacks within Pakistan and from international demands to take substantial measures to combat terrorism, the Pakistani military has entered into a full-scale conflict with its former proxies. The Pakistani prime minister has declared that the Swat operation is a struggle for the nation's very survival.

Watching the new reports of hundreds of thousands of internally displaced people (some of them Afghan refugees who have now been displaced yet again) seeking shelter in Jalozai, I recall visiting the camp in 2000 and 2001 to interview its previous inhabitants.

I remember the stories of Taliban atrocities, the mourning for lost farms and gardens full of grapes. I remember the ubiquitous sound of children coughing. I remember the brick kilns in the area, where many of the refugees, including young children, worked as bonded labourers. I remember the boy who spoke in a tone of dizzied fantasy of one day having 'all the milk he could drink'.

And I remember meeting Maryam Marao, back in Peshawar. Maryam was an Afghan village woman whose daughter had been evacuated to Pakistan for medical treatment after she was injured when the village of Karam was hit by an American airstrike, during the weeks after 9/11. Maryam heard the blast in the middle of the night:

We thought it was an earthquake. We could see it from our village. Everyone rushed to Karam. Five in my daughter's house were killed. Two children, two young women, and one old man...The Americans should know they acted wrongly. They have killed a lot of very poor people. In every home in Karam, there are at least one or two dead.

Today, many innocent people are again being killed, maimed and driven from their homes. Pakistan's military establishment has benefited for decades from Pakistan's position as a 'frontline state', first in the war on communism, then in the 'war on terror'.

Now the frontline has come home and the military—with much talk from Washington about how Pakistan is illustrating (at last) its seriousness in tackling Taliban jihadists—has turned against its own citizens the firepower that it has accumulated over years of US largesse. A military that has always

envisaged its battlefield as a confrontation with the Indian military is now attempting to fight a counter-insurgency on its own territory, with its own civilians in the crossfire.

Pakistan's military budget always took precedence over spending on health and education. As government services withered away, Islamist movements moved in to fill the gap, winning hearts and minds in the process. Those same movements will be mobilising to provide services to the displaced refugees from Swat (as, of course, are the various international agencies—but demand seems likely to outstrip supply) and to tap into their resentment against the forces that drove them from their homes. Yes, the refugees may resent the Taliban, but they despise being conscripted as 'collateral damage' by an army supposed to be protecting them from the Taliban.

The crisis in Pakistan is the result of decades of shortsightedness and opportunism—by successive Pakistani military and civilian governments, by one US administration after another. There are no easy solutions. But killing an unknown number of civilians and displacing entire populations is no solution at all.

# Papua New Guinea

9 January 2009

EAST ASIA FORUM

AARON BATTEN

## **Papua New Guinea: from economic boom to gloom?**

Papua New Guinea had another interesting year in 2008. The first half of the year saw economic growth remain strong as the country continued to benefit from yet another boom in the price of its commodity exports. High resource prices underpinned a significant expansion in the manufacturing, construction and agriculture sectors. Towards the middle of the year, however, poor monetary responses to a prolonged growth in domestic liquidity, coupled with a continued strong external sector, meant that inflationary pressures began to increase, with inflation rising to 13.5 per cent in September 2008.

September, of course, also marked the onset of the global financial crisis. Barring a couple of jitters on the PoMEX, PNG's economy weathered the direct impacts of the crisis relatively unscathed. In large part this was

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because of the healthy supply of foreign exchange reserves and domestic bank liquidity built up over previous years which gave the financial sector sufficient flexibility to cope with any adjustment costs.

The flow-on effects of the crisis have led to a large downturn in the price of many of PNG's key commodity items which had been driving revenue and output growth. This has had an immediate impact on the government's fiscal position with the 2009 budget predicting a 25 per cent overall decline in domestic tax revenue.

In last year's PNG Economic Update, Bob Warner and Eric Omuru warned that PNG would one day face this situation, highlighting the need for commodity-boom revenues to be invested in productivity-enhancing sectors which can generate long-term economic benefits for the country. The global financial crisis appears to have brought that day to the present. The question is, however, has PNG made the requisite reforms and investments in human and physical capital to withstand a global economic downturn? Or will this commodity boom follow the path of previous decades and be followed by an economic bust?

Unlike previous booms, the government has a large supply of unspent windfall revenues which it will be able to use to maintain expenditure levels at commodity boom levels for a number of years. Indeed, this will be the case in 2009 with the Budget foreshadowing a PGK600 million drawdown from Trust. Perhaps the most important difference between this and past bust cycles is the prospect of the ExxonMobil LNG Project. In the event that this project comes on stream, and this is looking increasingly likely, the nature and structure of the PNG economy will fundamentally change. Although weaknesses in these calculations exist, ExxonMobil modelling predicts that the size of the PNG economy will more than double over the medium term, rising in real terms from PGK8.65 billion in 2006 to PGK18.2 billion. Oil and gas exports would increase more than fourfold, with the LNG project contributing an additional PGK11.4 billion, compared to total PNG oil and gas exports of PGK2.6 billion in 2006.

Significant reforms have been made this year to the system of intergovernmental financing. Following reforms to the Organic Law on

Provincial Governments and Local-level Governments in July, new measures were introduced in the 2009 budget to reduce the difference between each provincial government's service delivery costs and the amount of revenue which they receive. This is a positive step forward as continued progress on this front, combined with improved accountability mechanisms, will bring provinces to a similar level of fiscal capacity to meet the costs of delivering a comparable set of basic services.

This optimism does mask some important challenges facing the country over coming years. The onset of the LNG project will create classic 'Dutch disease' effects and put further pressure on the rural sector, which creates wealth and livelihoods for the vast majority of Papua New Guineans. The massive growth in output is also likely to spur on more growth in domestic liquidity and inflation. Again, this will disproportionately impact on the welfare of the poor.

More fundamentally, the LNG Project is likely to perpetuate what is already a highly commodity-dependent economy. This has diverted, and is likely to continue to divert, much needed attention and focus away from more important economic challenges such as lowering the costs of the PNG's pervasively expensive business and investment environment. Some progress was made in the airlines sector this year with the entrance of a Virgin Blue/Airlines PNG partnership dramatically lowering the cost of international flights. Nevertheless, national investment policies continue to be dominated by subsidies, concessions and monopoly trading rights. As a result, PNG fell back another 9 places in the 2009 World Bank cost of doing business survey, now ranking 91st out of 121 developing countries.

Further microeconomic reform is needed if PNG is to set itself on a long-term sustainable growth path.

13 January 2009

THE NATIONAL

ROCHELLE BALL AND NICOLE HALEY

## International labour mobility: opportunities and challenges for PNG

Papua New Guinea stands ready to embrace international labour mobility as a means for creating new opportunities and needed solutions to the intractable issues of widespread poverty.

While labour migration between Australia and Pacific Island Countries (PICS) makes sense, making the system work for all stakeholders poses significant short and longer-term challenges. These opportunities and related challenges need to be carefully thought through at the national level; decisions need to be made concerning future development options—including community involvement at the local level; and government policy needs to be carefully deliberated and developed. A major policy challenge that accompanies international labour mobility is the creation of governance mechanisms that are simultaneously responsive to the needs of PNG's citizens and which meet PNG's international obligations.

This article seeks to contribute to this discussion and responds to *The National* editorial piece, 'Is the list for seasonal work ready?' It begins to tease out some of the complex issues that Papua New Guinea needs to grapple with quickly in order to make international labour mobility a success.

### Background

Australia announced in August 2008 that PNG is one of four PICS (Kiribati, Tonga, Vanuatu and PNG) selected to be involved in a Pilot Labour Mobility Program. This announcement was widely welcomed after many years of lobbying. Workers from the first three countries will arrive in January 2009.

Australia-PNG arrangements for the pilot are due to be finalised by April, with the first workers arriving in October 2009. There will be an upper limit of 650 PNG workers over the three year Pilot.

### **Selecting the right people is critical**

The Australian pilot scheme will involve people working in the horticulture industry for up to seven months. Workers will need to be suited to this kind of work, physically fit and agriculturally skilled. We note that there has been some discussion that this scheme might help solve the problem of PNG's unemployed school leavers and disaffected youth more generally. However, are unemployed school leavers the most appropriate people to be sending? Will they 'sit down good' and will they, after 10 or 12 years of schooling, have the skills, and/or resolve, to work long hours, doing repetitive agricultural work.

Experience elsewhere suggests that a high level of maturity is essential to the success of the scheme and to maximise the benefits for families and communities. For example, the average age of the workers from Vanuatu selected to work in New Zealand under their seasonal labour mobility program was 35 years. Most were married with two to three children.

It is essential that PNG select the right people from the outset. The international labour supply market is highly competitive. The pilot provides the opportunity for PNG to establish itself as a reliable supplier of workers. Sending inappropriate workers could jeopardise PNG's chances of longer-term involvement in any expanded program or in related programs in other countries, especially if other PICS get it right.

### **Maximising the benefits**

For Papua New Guinea to maximise the benefits presented by the Australian pilot there are several issues that warrant critical attention immediately.

#### *Contributing to development*

Labour mobility provides PNG with new development opportunities. Failure to consciously direct the process could see these opportunities wasted, and

inequity/security tensions increased.

For example, seasonal labour mobility provides the opportunity to contribute towards local-level development and to lessen the serious levels of poverty that affect many Papua New Guinean communities. This will not happen if people living in remote rural areas are denied access to the scheme. PNG needs to develop policy concerning which regions/communities are given the opportunity to engage in this scheme and where workers are selected from. Getting the selection process right is therefore critical.

By prioritising districts to recruit from, this scheme could help to address historical development inequities, many of which are contributing to ongoing tension and conflict. The labour mobility program has the potential to succeed where successive governments and bilateral programs have failed. Early indications from Vanuatu suggest that involvement in such schemes may alleviate poverty more effectively than aid.

The Vanuatu experience suggests that the involvement of local NGOs has contributed to the scheme's early success. Vanuatu relied on licensed private sector recruiters who worked in consultation with chiefs, church leaders and local NGOs. Communities oversaw the selection process and developed strategies to maximise the flow of remittances back into the community, through supporting education and community funds. A government-directed worker recruitment scheme could similarly incorporate these community-based engagement models in the PNG context.

PNG would do well to learn from the Vanuatu experience. Dame Carol Kidu has noted the disconnect that exists between government and communities and the need for a national policy framework on Integrated Community Development. A properly managed framework linking government, NGOs and local communities will be central to the success of the labour mobility program.

We strongly urge the PNG government to include the Department of Social Welfare and Community Development in its whole-of-government approach to labour mobility. We would also urge them to adopt a policy that targets workers from the most disadvantaged districts in order to maximise development potential. In doing so, they might adopt a long-term approach

that is accompanied by the necessary supportive measures to ensure its success.

Whilst it might be initially tempting to ignore or delay consideration of the bigger-picture issues and select workers only from urban centres, this would be foolish. If recruitment is biased towards major urban areas, this will exacerbate regional inequalities, further accelerate urbanisation and compound urban unrest.

PNG will also need to decide how best to incorporate labour mobility into development strategies. Failure to properly address issues concerning equity of access could see PNG missing an important opportunity to use this scheme to really impact on the many development issues that beset this country.

The international community will be watching how PNG engages with this opportunity and how effectively it works through the complex issues arising from this new level of international engagement.

#### *Developing national infrastructure to support labour mobility*

To be granted a visa, prospective workers will need to have a passport, a job offer, a return air ticket and to have undergone the necessary health and character checks.

Anyone who has tried to obtain a PNG passport in recent years will know how difficult this is. There are countless stories of people who have attended the immigration office at Waigani day after day, and sometimes for several months, before obtaining a passport. Often people are turned away if they do not possess an airline ticket. But what employer is going to supply a ticket to a prospective worker on the off-chance they will be issued with a passport, and how many unemployed/rural Papua New Guineans can afford to travel to Port Moresby, buy a return ticket to Australia and spend an indefinite amount of time attempting to navigate a moribund bureaucracy?

Applying for a passport or police check requires a birth certificate. Obtaining a birth certificate is often problematic, as the majority of births, deaths and marriages in PNG are never formally registered. These disorganised, slow and often circular procedures require immediate overhaul. Organising the documentation side of things stretched Vanuatu's institutional capacity to its

limits. Vanuatu has responded successfully to the challenge. Nine hundred and fifty workers gained employment in the New Zealand Pilot.

There are also the issues of cost and access. People living in Port Moresby are privileged in both respects. Other countries with established labour mobility programs, such as the Philippines, have facilitated regional access by setting up one-stop regional document processing centres, enabling people throughout the country to access international employment.

Obtaining work overseas also requires significant capital investment (passport, birth and marriage certificates, ticket, health and character checks, agent fees) well beyond the capacity of ordinary households. In Vanuatu upfront costs typically amounted to around PGK2000, not including agent fees. In order to facilitate equitable access to New Zealand's Recognised Seasonal Employer (RSE) scheme the Vanuatu government provided short-term loans to workers. This meant that people from some of the poorer islands have been able to access the scheme.

PNG should seriously consider developing a highly regulated scheme to ensure equity of access and to help mitigate the likelihood that unscrupulous agents and potential traffickers gain a foothold in the market. Agent fees could see upfront costs significantly inflated. To ensure that families/communities reap the benefits of international labour mobility, bureaucratic procedures need to be streamlined and local infrastructure enhanced to enable prospective workers to apply and undergo all necessary procedures in all major regional centres.

Another issue of concern for workers and governments alike is the safe and cost effective transfer of remittances. Moves to establish mobile phone banking are welcomed as this will broaden access and diminish the likelihood of theft and/or illegal transfers, which would leave workers extremely vulnerable. Further roll-out of mobile phone infrastructure should be hastened in view of increasing local and international labour mobility.

### **Avoiding the dangers**

We have noted the current difficulties obtaining official documents. Given these, there is potential for document fraud and other forms of illegality

to proliferate. This is an enormous issue for national and international governance. Even before the Australian scheme was announced many people in PNG had fallen victim to unscrupulous agents.

It is essential the PNG government quickly develop robust licensing mechanisms and advertise names of illegal operators. A well-regulated system requires a clear government commitment to provide up-to-date information throughout the country. Experience elsewhere has shown that NGOs and civil society can play a key role in recruitment, in advocating workers' rights and in government accountability.

Although PNG is to be given preferential access to the Australian labour market, it must not become complacent. Labour-receiving governments may well decide to expand labour market access to other countries with highly developed labour supply systems. A recent review of the RSE scheme revealed that more than 20 per cent of workers had been recruited from Southeast Asian countries. We understand that China is seeking access to Australia's labour markets.

If international labour mobility is to be a national priority then we strongly encourage PNG to quickly develop recruitment and document verification systems that meet world's best practice in order to secure international market access.

One final area of concern is proper health screening of workers, particularly for communicable diseases such as tuberculosis and HIV/AIDS. PNG is only one of three countries in the Asia Pacific Region with a generalised HIV/AIDS epidemic. If infected workers are permitted entry to Australia, there is potential for HIV transmission. If this were to happen there is real potential for a backlash against Papua New Guinean workers and souring of relations between the two countries.

## **Conclusion**

Delaying the arrival of the first PNG workers until October 2009 provides PNG with the opportunity to establish robust recruitment procedures, efficient health care checks and passport and visa documentation services to facilitate developing a 'worker-ready' pool of workers.

Labour mobility not only offers PNG the opportunity to review its medium and long-term development strategies but offers communities real opportunities to own and participate in national development. Strong national debate and solid policy development must take place without further delay.

# Philippines

March 2009

THE PHILIPPINES AND JAPAN IN EAST ASIA AND THE WORLD

PAUL D. HUTCHCROFT

## 'Getting Our Act Together'?

Almost 15 years ago, in November 1994, the New York-based Asia Society and the Makati-based Asian Institute of Management (AIM) met in Washington DC to launch a multi-year project entitled 'Focus on the Philippines'. Coming just two years after the departure of US military bases from the Philippines, the goal was to renew dialogue and promote a new post-bases foundation for healthier bilateral ties.

Over lunch, Nicholas Platt—the former ambassador to the Philippines who was at that time president of the Asia Society—introduced the historian David Joel Steinberg as keynote speaker. With Platt nodding approvingly in the

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Brief reflections presented on 20 March 2009 at 'The Philippines and Japan in East Asia and the World: Identity, Images, and Roles', a conference of the University of the Philippines Asian Center and the Japan Foundation, Makati City, Philippines. Published as "'Getting our act together'? Assessing the implications of Philippine politics and political economy on Philippine foreign policy', in *The Philippines and Japan in East Asia and the World*, Aileen S. P. Baviera and Rowena R. Pangilinan (eds), Quezon City: University of the Philippines Asian Center/Japan Foundation, 2009, pp. 24–7.

background, Steinberg began his speech with the following proclamation:

If the colonial era in the Philippines ended on July 4, 1946, the date on which formal sovereignty was transferred from the metropolitan power to the newly independent nation, what has often been called the ‘neoimperial’ era ended when the United States brought down the flag for the last time over the vast naval and air station at Subic Bay on November 24, 1992.

Going on to note the ‘profound asymmetry in the Philippine-American relationship’, Steinberg concluded with a call for moving beyond the patronising tone of ‘little brown brothers’ (coined early in the twentieth century) to the establishment of ‘a genuinely adult relationship’—one that acknowledges a shared past of kinship ties, ‘[celebrates] the present, and [builds] a mutually beneficial future’.\*

In this new post-bases environment, there was a growing sense that the Philippines was facing tough new imperatives. In the words of the head of the AIM Policy Forum, historian Edilberto C. de Jesus, the country needed ‘to reconcile conflicting political interests and to cope with an increasingly competitive economic environment’. Drawing on the previous year’s theme of the Philippine Chamber of Commerce and Industry, de Jesus spoke of the need for ‘Getting Our Act Together’, with what he called ‘the unfortunate acronym GOAT’.<sup>†</sup>

This was, indeed, a time in which there seemed to be substantial progress in getting the country’s act together. As the security umbrella was lifted, Filipinos were taking a closer look at their neighbours and discovering how much the lost decade of the 1980s (with a decline in real per capita income of 7.2 per cent) had affected the country’s position relative to its regional neighbours. Forward-looking, strategic thinking from the national political leadership helped to nurture more awareness of the neighbourhood. Under President Fidel V. Ramos and his security advisor Jose Almonte, there was

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\* David Joel Steinberg, ‘The Philippine-American experience: a historical perspective’, presented at the 29 November 1994 dialogue of the ‘Focus on the Philippines’, a public education project of the Asia Society and the Asian Institute of Management. Published in *Focus on the Philippines*, New York: Asia Society, 1995, pp. 9–16, quotes at pp. 9, 16.

† Edilberto C. de Jesus, ‘Welcoming remarks’, presented at the 29 November 1994 dialogue of the ‘Focus on the Philippines’. Published in *Focus on the Philippines*, pp. 7–8.

a sense that the old reliance on the US could not continue. They set out to resolve enormous infrastructural deficiencies and promote changes in the political economy. At home, this involved liberalisation combined with attacks on the ‘cartels and monopolies’ of major oligarchic family firms that enjoyed a stranglehold over key segments of the national economy. In the region, there were concerted efforts to promote economic cooperation and reduce trade barriers.

It seemed, indeed, as if the country was moving steadily toward the goal of GOAT. Put in different terms, a delicious stew of *kalderetang kambing* (goat stew) was on the fire, and delightful aromas were wafting through the house and into the neighbourhood.

There were, of course, huge issues still to be resolved—including a system of oligarchic privilege that was not to be undermined with just one concerted push. Closely related, there were resentments over inequitable growth, focused in part on a Ramos administration ‘social reform agenda’ that yielded few concrete benefits to those at the bottom end of deeply entrenched socioeconomic divides. The country was hobbled, moreover, by a bureaucracy lacking the capacity to effectively implement national policies. The effort to introduce new-style economics had been accomplished almost entirely with old-style politics—notably heavy reliance on the pork barrel—and there had been almost no effort to accompany economic reform with complementary measures of political reform. Driven by the imperatives of electoral financing in a patronage-based political system, the Ramos administration was not immune to scandal. The search for fruitful political alliances produced compromises with a host of unsavoury allies. And we should not forget that the ‘modernisation’ of wholesale electoral manipulation can be traced in large part to the sophisticated *dagdag-bawas* (vote augmentation and shaving) efforts of administration allies in the 1995 mid-term elections. In the south, one portion of the Muslim secessionist struggle (the Moro National Liberation Front) was tamed by throwing lots of patronage resources their way, but another (the Moro Islamic Liberation Front) was gaining in strength. Elsewhere, long-standing injustices allowed a communist insurgency to simmer away with no real prospect of either

victory or defeat.

In the external sphere, Ramos sought to re-establish close ties with a US military establishment often bitter at how ‘our’ former colony had expelled us from ‘our’ bases. In particular, Ramos helped to forge a new Visiting Forces Agreement that came to be signed after he had left office. While there was general acknowledgement that it was a post-Cold War, post-bases world, Ramos was still keen on nurturing close ties with the sole remaining superpower. On the one hand, his strategy was not unlike those of other countries in the region, whether Australia or Indonesia or Singapore or Japan or Korea. On the other hand, the Philippines was re-establishing ties based on a particularly stark asymmetry of power relations—and within the context of a century-long ‘special relationship’ prone to particular sensitivities on both sides.

I focus particular attention on the Ramos years because they constituted the last serious top-level effort at ‘Getting Our Act Together’—or even long-range thinking for that matter. In preparation for this conference, I re-read a 1998 essay by Jose Almonte on Philippine foreign policy,<sup>\*</sup> and was struck at how no subsequent top administration official would have crafted such a lucid document on the Philippines’ long-term strategic interests. Sad to say, the past decade has not featured much attention to the task of ‘Getting Our Act Together’, or GOAT.

Moving on to a quick overview, resentment over social inequality helped propel Joseph ‘Erap’ Estrada to the presidency in 1998, with the slogan ‘*Erap para sa masa*’ (Erap for the masses). But it soon became clear that Estrada’s real agenda was not to look after the poor, but rather to look after his multiple families. There was no strategic thinking in the so-called ‘midnight cabinet’, the nightly drinking sessions with assorted cronies and hangers-on that were often credited with establishing policy directions for the administration. With the Visiting Forces Agreement in place, Estrada was treated to a trip to Washington. The movie star became star-struck,

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\* Jose T. Almonte, ‘New directions and priorities in Philippine foreign relations’, in *The Philippines: New Directions in Domestic Policy and Foreign Relations*, David G. Timberman (ed.), New York: Asia Society, 1998, pp. 137–54.

absolutely giddy to be in the shadow of Bill Clinton. In fact, the entire spectacle seemed to have more in common with the spring break visit of a Kansas high-school kid to the nation's capital than the state visit of the president of the 12th most-populous country in the world. It was not exactly the 'genuinely adult relationship' that Steinberg had hoped would emerge at century's end.

When Estrada was brought down by a gambling scandal, and 'People Power II' put Vice-President Gloria Macapagal Arroyo (GMA) in the palace in January 2001, many had high hopes that GOAT would be back on the agenda. Indeed, some of us could almost taste the *kalderetang kambing* that we thought was on the way. There was certainly every indication that reforms were needed, as demonstrated most dramatically by 'People Power III' over May Day 2001—when urban poor masses, angry over treatment of Estrada and spurred on by Estrada's supporters, nearly breached the gates of the presidential palace. Time and again for the past eight years, however, reform imperatives have been crowded out by regime preservation. GMA very effectively wields the substantial powers of the presidency to keep herself in office, and in the process she exhibits no qualms about further undermining the country's already weak political institutions.

A crisis-ridden polity has been pummeled by one crisis after another, adding up to what I have elsewhere termed 'the Arroyo imbroglio'. In addition to the uprising on May Day 2001, these crises have included a botched military mutiny in July 2003; corruption scandals involving the first family; allegations of presidential involvement in fixing the 2004 elections; a failed coup-attempt-cum-popular-uprising in February 2006 that led to the declaration of emergency rule; concerted attacks on the press; an alarming spike in extrajudicial killings; annual impeachment attempts since 2005; two major bribery scandals in late 2007, one involving the chief election officer and, the other, brazen cash payouts to congresspersons and governors at the palace; a November 2007 bombing at the House of Representatives that killed a notorious warlord congressman from Mindanao; an incident the same month in which junior officers barricaded themselves at a luxury Manila hotel in protest against the Arroyo administration; and, in late

2008, renewed conflict between the government and secessionist groups in Mindanao.

In 15 months, presuming no further schemes of regime preservation intervene, there should be a new inhabitant in the palace. Will the goal of GOAT once again come to the fore? I do not know. It is obvious, however, that the country faces huge challenges on many fronts. Let me just mention three: one economic, one strategic and one environmental.

It is difficult not to be concerned about the extremely narrow base of the Philippine economy, dependent as it is on just one major crop: the export of labour. The economy has been moving along at a respectable pace, thanks in large part to remittances, and let's hope they remain high. But narrow reliance on one commodity is highly risky, especially in the context of the global economic crisis.

Second, there are the challenges of protecting territorial integrity, both low-intensity intrusions of fishing vessels and the possibility—hopefully slim—of conflict in the Spratlys. Other contributors to this conference have already addressed these challenges with admirable insight, and I will not attempt any further analysis.

Third, I want to focus on the grave threat posed to the Philippines by climate change—particularly given the relative lack of attention to issues of environmental security in other presentations at this conference.\* For six reasons, the Philippines is particularly vulnerable to anticipated patterns of global warming and rising sea levels. First, it is the fifth-largest country in the world in terms of kilometres of coastline. Second, it ranks third, behind India and China, in the number of people living in the one-meter low-elevation coastal zone (roughly 15 million persons). Third and fourth, it has two additional characteristics that the Intergovernmental Panel on Climate Change associates with particular vulnerability to climate change: high susceptibility to extreme weather events (as one of the most natural disaster-prone countries in the world) and an economy 'closely linked with climate-sensitive resources such as agriculture'. Fifth, the country has

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\* This section draws on Paul D. Hutchcroft, 'The Philippines', in *Climate Change and Regional Security*, Daniel Moran (ed.), forthcoming 2010.

already, in recent decades, experienced severe levels of prior environmental degradation:

- Forest cover has declined from 70 per cent to 19 per cent of total land across the twentieth century.
- Mangroves have been reduced by almost 75 per cent from 1920 to the end of the century.
- Ninety-five per cent of coral reefs have some degree of degradation, with one-third in poor condition.
- Philippine urban areas are under mounting stress, with major infrastructural deficiencies in water, sewage and drainage, transportation and pollution control.

Sixth and finally, long-standing deficiencies in political and administrative structures pose major obstacles to confronting the challenges ahead—whether it be ongoing issues of environmental degradation or future projections of climate change.

Coping with these threats demands a very carefully considered program of reform, with the goal of helping the country prepare for the enormous challenges ahead. Institutional reform of political structures needs to be crafted with the goal of nurturing a polity more oriented to the long-term public good and less oriented to the short-term goals of the patronage system. Administrative structures need to be freed from the constraints of the spoils system, and incentives go beyond mere responsiveness to the particularistic demands of dominant elites and toward more effective implementation of public policy. With greater bureaucratic capacity in place, creative new policy measures must be implemented toward the goal of reversing the myriad causes of environmental degradation. Civil society groups have long articulated the urgency of change, but the country has lacked the political and administrative structures able to bring forth a coherent program of environmental restoration.

There are many reasons why advocates of reform have articulated the need for their country to begin ‘Getting Our Act Together’. Climate change forces the issue. If the Philippines is to begin to confront the mounting environmental dangers that lie ahead, a concerted and well-considered

program of political and administrative reform is a necessary first step.

In conclusion, I will return to the broader theme of Philippine foreign policy. If the Philippines fails in the task of GOAT, the country will be unable to achieve its national goals on its own terms. The Philippines will be increasingly dependent on other countries and increasingly beholden to external involvement as it seeks to resolve a host of challenges in the spheres of the economy, traditional security and environmental security. In assisting the Philippines, these other countries can be expected to pursue their own economic and political and security goals. Not infrequently, these interests will be contrary to the interests of the Philippines and its people.

# Thailand

24 January 2009

SYDNEY MORNING HERALD

ANDREW WALKER

## Thailand's human rights challenges

Harry Nicolaidis was herded, shackled, into a Bangkok holding cell on Monday. After a short trial, he was sentenced to three years in prison for the contents of a single paragraph. The Melbourne author's crime was to write a short passage referring to the private life of Thailand's crown prince in a self-published novel that sold only 10 copies.

He was sentenced under Thailand's draconian *lèse majesté* law, which forbids any frank discussion of the royal family. In the wake of the conviction, he threw himself on the mercy of the very people he was accused of offending, petitioning the palace for a royal pardon.

On Wednesday, the *Sydney Morning Herald* reported that the Thai army had—on two separate occasions—pushed about 1,000 Burmese boat people back into international waters. The refugees were escaping from the

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Burmese regime's persecution of ethnic minorities. Over 500 are now said to be dead or missing.

The Thai military stands accused of detaining the refugees, beating and whipping them, before setting them adrift without motors or sufficient food and water. The government in Bangkok says it has launched an investigation, while the local army commander denied the accusations, arguing his men gave the refugees provisions and 'helped them on their way'.

Thailand's human rights reputation has taken a battering. These two incidents represent a serious challenge for the new Prime Minister, Abhisit Vejjajiva, who says he is determined to restore his country's reputation after last year's political turmoil.

His government came to power a month ago, in the wake of the dramatic occupation of Bangkok's international airport by protesters determined to overthrow the previous government. The protesters crippled Thailand's lucrative tourism industry and shredded its long-cultivated image as a foreigner-friendly destination.

Abhisit presents himself as an urbane and modern leader (and Oxford educated to boot), one who can guide Thailand through the international financial crisis, restore the rule of law and repair the country's damaged image.

But the Harry Nicolaides case and the humanitarian tragedy of the Burmese boat people are not isolated incidents that can be easily dealt with by public relations spin. They relate directly to the role of two of the country's most powerful institutions, the monarchy and the army, both of which helped bring Abhisit to power.

The new government has placed protecting the monarchy's reputation at the top of its political agenda. Heightened political divisions over the past few years have generated increasing local and international comment about the political role of the royal family. There is unprecedented discussion about the palace's support for the campaign waged by the so-called People's Alliance for Democracy (PAD) against Thailand's former government, which was democratically elected in December 2007.

*The Economist* suggested—in a now infamous article—that the Thai king

had 'lost faith in democracy' by endorsing a series of military coups during his reign and remaining silent throughout last year while the ultra-royalist PAD campaigned to overthrow an elected government.

*Forbes* magazine encouraged further frank discussion by reporting that the king was the world's richest royal, with assets worth US\$35 billion, while Thai internet bulletin boards regularly feature barely coded antiroyal comments that are especially critical of the queen, given her open support for the PAD's campaign.

There has been a vigorous royalist backlash to this outbreak of free speech. The Ministry of Information and Communication Technology has tried to block thousands of websites that carry material on the royal family; army units have been ordered to monitor the internet for inappropriate content; and ordinary citizens have been encouraged to report antiroyal comments to local police.

There is no doubting the seriousness of this crackdown: a political activist was sentenced to six years in prison for criticising the king at a public rally, while another is in prison awaiting trial and facing the prospect of an even heavier sentence. Just this week came another charge of *lèse majesté*. An academic at a prestigious Thai university was charged because eight paragraphs in his book about the military coup in September 2006 referred to the political influence of the king.

Harry Nicolaides was in the wrong place at the wrong time, caught up in a campaign of good old fashioned political repression. It is clear the Thai government is willing to sacrifice freedom of speech for protection of the image of the royal family.

But how will it respond to human rights abuses perpetrated by the army? The gravity of the charges in relation to the Burmese boat people, plus ongoing international scrutiny, should prompt firm action against the perpetrators. But this is far from inevitable, as there are much bigger political issues involved.

The extent of military influence within the current government is not clear, but Abhisit certainly owes his commanders big favours. Abhisit's path to the prime ministership goes back to the 2006 coup, which overthrew

Thaksin Shinawatra's populist government and sent him into exile.

The military-controlled government which followed put in place a new constitution, complete with provisions that could be used to undermine a pro-Thaksin government if one was to regain power, which is exactly what happened in December 2007 at the first post-coup election.

The newly elected government had to live with judicial interference and speculation about another military coup for much of its short life. Its fate was sealed when the army refused to move on PAD protestors who occupied Government House and, later, the international airport.

The army chief even took the extraordinary step of calling on Abhisit's predecessor, Somchai Wongsawat, to resign during the airport crisis. When the ruling party was finally dissolved by Thailand's Constitutional Court, the army chief played a key role in persuading government politicians to defect to Abhisit's camp, giving him the numbers to win the parliamentary vote for prime minister.

The army is a powerful political player, and Abhisit can be expected to come under pressure not to expose it to undesirable domestic and international scrutiny. There is no *lèse majesté* law that can be called upon to cover up the reports of refugee mistreatment, but already he seems to be laying the groundwork for a minimalist investigation, suggesting that media coverage of the incident may be exaggerated and that eyewitnesses may have misunderstood what they were seeing. And so far Abhisit has refused to give United Nations officials access to other Burmese boat people being held in Thailand.

The brutal dirty work against the unfortunate refugees is alleged to have been done by the Internal Security Operations Command, a military unit dating from Thailand's fight against communist insurgents during the Cold War. It was given expanded powers after the 2006 coup, and its broad national security brief may grant it protection from close scrutiny.

But whatever the outcome of the investigation, the incident is the latest in the army's very patchy human rights record. There is a well-documented history of forced repatriation of refugees by army units. And in the southern Muslim provinces, the army's heavy-handed response to low-level

insurgency has compounded local grievances and strengthened the cause of antigovernment elements.

In 2004, there were two notorious cases of military brutality. In April, 28 militants were killed when the army stormed the highly sacred Krue Se mosque after a poorly managed siege. One of the commanders involved in the killings at Krue Se, Colonel Manat Kongpan, is now accused of leading the recent push-back action against the Burmese boat people. In October 2004, about 80 protesters suffocated when they were detained and stacked like logs in army trucks for a three-hour journey to a military base.

No one has been punished for these incidents, which took place under the watch of Thaksin Shinawatra, the champion of the notorious ‘war on drugs’, an operation which claimed over 2,000 lives in a nationwide spree of extrajudicial killings.

Abhisit is undoubtedly keen to distance his administration from the excesses of the Thaksin era. So far, despite some hitches, he has succeeded in presenting a positive image to the international community. After the political turmoil of the past year, his leadership holds out the attractive prospect of stability, perhaps even reconciliation.

But unless his government is willing to expose both the monarchy and the military to internationally acceptable standards of scrutiny, critique and accountability, his human rights credibility will be compromised and he will bear a heavy burden of repression.

Murderous military brutality cannot go unpunished, especially when writing a paragraph about the private life of a prince in an unread book lands you in jail for three years.

14 April 2009

INSIDE STORY

ANDREW WALKER AND NICHOLAS FARRELLY

## Thailand's royal subplot

When Thai Prime Minister Abhisit Vejjajiva launched his crack-down on red-shirt protesters on Sunday night, one of his first acts was to post army units around Chitralada Palace, the Bangkok residence of Thailand's king. It was a routine security measure but, in the current climate, it was an act rich in symbolism. No one imagines that the red-shirts posed any immediate threat to the security of the king, but Thailand's supreme institution is being inexorably drawn into battles about who should legitimately run the country. As the political heat increases, Thailand is edging ever closer to open public debate about the political role of the monarchy.

The latest impetus has come from 'phone-ins' by exiled former Prime Minister Thaksin Shinawatra who was overthrown in the coup of September 2006. In a series of speeches that helped to galvanise his red-shirted supporters, Thaksin launched direct attacks on the king's Privy Council. He specifically targeted Privy Council power brokers Prem Tinsulanonda and Surayud Chulanont, accusing them of orchestrating the military coup against his former government. His brazen words transformed persistent rumour about high-level royalist plotting into front-page news and motivated thousands of red-shirts to lay siege to the house of Privy Council president Prem, before descending on Pattaya to disrupt the East Asia Summit.

In the current turmoil, why do Prem and Surayud matter? They matter because they are two of the most influential men in Thailand, regarded as national statesmen and moral guardians. Prem is a former commander-in-chief of the army and ruled as prime minister from 1980 until 1988, cementing his place as a favourite of the king with the defeat of the

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Communist Party of Thailand. Surayud was Prem's protégé. He went on to be supreme commander of the Royal Thai Armed Forces and was appointed prime minister by the September 2006 coup-makers. Both Prem and Surayud were unelected prime ministers; both have held top military command and both are now members of the king's Privy Council. Thaksin's direct attack on men of such status and authority represented a significant escalation in Thailand's ongoing political conflict. But most ominous is that in attacking these prominent royal advisors Thaksin took a step closer to an attack on the monarchy itself. Thaksin's fighting words gave the red-shirt campaign a republican tinge.

The nightmare for Prem, Surayud and others in the royalist elite is that decades of careful media management and ostentatious good works could start to unravel at a moment when the monarchy is facing an uncertain future. King Bhumibol Adulyadej is 81-years old and his health is fragile. Inevitably, even amidst the ongoing political chaos, his likely successor, Crown Prince Vajiralongkorn, is receiving extra scrutiny. The prince is an unpopular and divisive figure who has failed to tap into the reservoir of charisma and auspiciousness that his father has built up during his 62-year reign. Many feel that the king's younger daughter, Princess Sirindhorn, would be a more appropriate heir. The privy councillors are naturally worried that the monarchy is being drawn into the political *mêlée* during a period of royal vulnerability and lingering uncertainty about the succession.

The last time the royal institution faced such a potentially hazardous set of circumstances was in 1932 when the absolute monarch, King Prajadhipok, was forced to accept constitutional constraint. In that decisive year, Thailand's king was called to account by a group of non-royals who demanded that he relinquish total control. Back then, the modernising drive of former kings had left many in the Thai elite with a conviction that a more democratic government was required. The old feudal order was no longer appropriate; it would only be allowed to remain as a more minor part of the political landscape. Absolute rule had come to an end.

Over the years and decades that followed, an uneasy compromise was established between the people, the military and the palace. The military

governments that held sway for so much of the twentieth century ultimately saw the benefits of maintaining a highly respected royal figurehead. King Bhumibol, who ascended to the throne as a very young man in 1946, grew into a role that was cultivated for him by statesmen and power brokers, men like Prem and Surayud. Successive governments that sought to foster national integration and economic development found it useful to deploy the monarch as a central unifying symbol. As Bhumibol grew into his role and consolidated his influence, he came to assume a supreme moral stature. He is now Thailand's pre-eminent national figure and a powerful ally of every government that enjoys his favour.

Many have speculated that the Thaksin government did not enjoy such royal favour. Thaksin's enemies accused him of undermining the position of the monarch. His CEO-style leadership, combined with unprecedented electoral support, presented a stark contrast with the ceremony, tradition and patronage of the palace. The king has been long regarded as a champion of Thailand's poor through his well-funded and high-profile rural development projects. However, Thaksin's populist economic policies, which pumped money directly into every village in the country, dwarfed the king's royal munificence.

For most Thais there was no inconsistency in supporting both Thaksin and the king. Thailand's masses readily accepted that two styles of leadership and charity could exist side by side. After all, the popular Thai cosmos is full of all sorts of power and influence. Purists may lament the mix of spirit belief, Buddhism and consumerism that pervades Thai popular culture, but most Thais celebrate the varied ways in which power and potency can be expressed. In this culturally tolerant framework, Thaksin's modernism could blend readily with royal traditionalism.

But Thailand's elite is not so conceptually adroit. For them, hardening of the categories of authority set in long ago. They see power as a zero-sum game. In their besieged world-view, mass electoral support for Thaksin, and his personal adoration among the country's poor, threatened the pre-eminent symbolic power of royalty. Something had to be done. The coup of 19 September 2006 was their answer.

Thaksin has yet to reveal detailed evidence of how privy councillors Prem and Surayud plotted against him, but there is no doubt that the 2006 coup had a strong royalist flavour. The plotters decided to wrap yellow ribbons around the gun barrels of the tanks that rolled onto Bangkok's streets and forced Thaksin out of office and into exile. Yellow is the colour of the king. The yellow ribbons were a clever short-term strategy for winning popular support in Bangkok, but the colour coding has now backfired badly. The image of royal support for the coup has done more than anything else to generate critical domestic and international discussion about the way in which the power, charisma and symbolism of the palace is deployed to support authoritarian tendencies in modern Thai politics. The rapturous celebration of the king's 80th birthday in 2007 was not completely overshadowed by the coup and its aftermath, but increasing discussion of royal ambivalence about democracy was an unwelcome distraction at the party.

This critical discussion has been building for some time. In 2006, journalist Paul Handley published an unauthorised biography of Bhumibol, *The King Never Smiles*. It is a landmark exploration of the creation of royal imagery and the king's entanglement in six decades of Thai political life. It paints an unflattering picture of a monarch who has consistently backed military intervention into the political sphere. *The King Never Smiles* is, without doubt, the most important book published on Thailand in the past decade, if not longer. It took a journalist to venture where academics feared to tread. The book was banned in Thailand (by Thaksin himself) but it can be readily ordered from online bookshops, scanned chapters are available on the internet, and some parts have been subversively translated into Thai. Handley's royal revelations generated an unprecedented flurry of Thai web-board chatter that continues to reverberate today.

Another small stepping stone towards frank discussion of the monarchy was the International Conference on Thai Studies held at Bangkok's Thammasat University in January 2008. The conference was attended by over 600 academics, journalists and students from Thailand and overseas. There had been calls for an international boycott of the royally sponsored conference in the wake of the royally sponsored coup. Instead, senior

academics organised a series of presentations that examined the contemporary role of the monarchy. Scholars critically discussed royal business interests, the appropriateness of the king's rural development theories and the extraordinary legal protections provided to the royal reputation. The best-attended session was a panel discussion of Paul Handley's *The King Never Smiles*. It would be academic narcissism to suggest that the conference was an important turning point in Thai public life, but it provided some support and encouragement for those in Thailand who are working towards a more mature public discussion of royal power. It was a sufficiently important event to attract the attention of Thai special branch officers who were diligent observers in the most controversial sessions.

But it has been much less academic action that has prompted the most severe reaction and created the most negative publicity for Thailand's king. In December 2006, a Swiss national, Oliver Jufer, was arrested in the northern city of Chiang Mai for defacing a poster of the royal family because he could not buy an alcoholic beverage on the king's birthday. Jufer's juvenile graffiti earned him a 10-year prison sentence under Thailand's draconian *lèse majesté* law. He received a royal pardon after spending only four months in prison but, in the meantime, the case generated a virulent wave of online material mocking the king. The Thai government responded by blocking the entire YouTube website. In August last year, Australian author Harry Nicolaides was arrested for writing a single paragraph about the crown prince in a self-published novel that sold only a handful of copies in Thailand. Nicolaides was sentenced to three years in prison, but he too received a royal pardon after being locked up for six months. Nicolaides's fate didn't produce as much online vitriol as Jufer's case but it increased international disquiet about the use of the anachronistic *lèse majesté* law.

It is unfortunate, but inevitable, that *lèse majesté* charges against foreigners generate the most international media attention. As the political heat has steadily increased, the law has been used against dissident voices within Thailand. Two political activists who made antiroyal comments at political rallies have been locked up—one sentenced to six years, the other still awaiting trial. A warrant has been issued for the arrest of an academic

from one of Thailand's most prestigious universities who fled to England after being charged for writing about the role of the king in the 2006 coup. Most recently, in an instance of bizarre excess, a 10-year sentence was handed down to internet user Suwicha Thakor for posting 'digitally altered' images of the king. These cases of repression have prompted a call by over a hundred international academics for reform or abolition of the *lèse majesté* law. In response, the Thai government has merely said that it will make sure the law is implemented properly. There have even been calls from within the government for harsher punishments. Royalist commentators have made the predictable charge that international academics do not understand how deeply Thais revere their king.

One of the reasons why the current Thai government is reluctant to change the *lèse majesté* law is because it is thoroughly indebted to royalist forces for bringing it to power. Last year royal yellow hit the streets of Bangkok again when the so-called People's Alliance for Democracy (PAD) campaigned for the overthrow of the pro-Thaksin government that had been elected in the post-coup election of December 2007. The 'yellow-shirts' didn't accept the result of that election and were determined to erase any vestiges of Thaksin's influence from the political scene. They occupied Government House for three months, besieged the parliament and then, in an act of supreme provocation, closed down Thailand's international airport for a week. Even though they called themselves the People's Alliance for Democracy, they argued that parliament should be predominantly appointed rather than elected. This antidemocratic campaign was waged unashamedly under the royal banner, with yellow shirts the uniform of choice and images of the king and the queen prominently displayed at their increasingly provocative rallies. 'We will fight for the king' was their battle-cry. They claimed to be defending the monarchy against corrupt pro-Thaksin politicians.

The king himself chose to remain silent about the use of his royal brand in the yellow-shirts' campaign. His silence could, perhaps, be justified by the old cliché that Thailand's royals sit above politics. But the cliché was shattered when the queen appeared at the funeral of a PAD protestor, killed in a violent confrontation with police in early October 2008. With this single

act, Queen Sirikit placed the monarchy's immersion in politics on full public display and added force to the rumours that the yellow-shirted PAD had backing, and personal connections, at the highest level. The images of the queen standing shoulder to shoulder with political thugs who were trying to engineer the forcible overthrow of a democratically elected government were deeply disconcerting for many Thais.

Ultimately the pro-Thaksin government was removed from office. It was weakened by the relentless street campaign against it, discredited by the refusal of the military to enforce its emergency decrees or clear the airport occupation and ultimately killed by a Constitutional Court ruling that dissolved the ruling party and expelled 28 government members from the parliament. In December 2008, Abhisit Vejjajiva, the leader of the Democrat Party, was able to cobble together a parliamentary majority with the help of the defection of some of Thaksin's former buddies.

Thaksin is in exile, his allies have been forced out of government, and the red-shirts now face the wrath of Thailand's security apparatus. But Thaksin remains a potent political force in Thailand. His increasingly inflammatory 'phone-ins' are tapping into feelings of anger towards the hitherto hidden forces that helped engineer the 2006 coup and the unelected rise to power of current Prime Minister Abhisit. The explicit targets of his campaign are the two named privy councillors. But this is code for something much more significant. Thaksin has gone to considerable lengths to declare his unwavering loyalty to the king, but he can now see political benefit in attacking royalist elitism, backroom power broking and the way in which royal power—real and symbolic—has been used to undermine electoral mandates. The strategy has been instrumental in galvanising the red-shirts in their high-stakes campaign against Abhisit's government. With Thaksin and his red-shirted masses on a collision course not just with the government, but also with the Privy Council, the 'royal institution' itself is now uncomfortably close to the heat of political battle.

When the smoke clears, there will, of course, be vigorous attempts to put the royal genie back into its gilded and apolitical bottle. Legal restrictions on royal commentary will be enforced with increasing gusto. Thais who dare

Speak up about the country's political realities will face the risk of heavy legal sanctions. International commentators calling for free speech will be vilified as cultural imperialists seeking to impose western values on the loyal subjects of the Thai king. But these attempts to impose silence won't work because each clamp-down on royal discussion generates yet another, more penetrating, round of debate, speculation and, in some cases, irreverence.

With or without Thaksin's latest provocations, and whatever the ultimate fate of the red-shirts, the extraordinary events of the past few years mean that silence on Thailand's monarchy is no longer a viable option.

# United States

6 November 2008

EAST ASIA FORUM

ANDREW MacINTYRE

## Obama and Asia

So, the result is in and the huge wave of excitement about Obama continues to roll across America and the world. What should we expect about his approach to Asia—both for relations with the big Asian states and multilateral engagement?

The first thing is to recognise that the crisis in the global financial system, the challenge of restoring economic confidence at home, the wars in Iraq and Afghanistan, and the challenge of climate change are all higher on his agenda than focusing on America's engagement with Asia. And this is as it should be. But questions about America's engagement with Asia will be in the mix of other major issues that receives attention—it can't be otherwise. Of course the team of top officials Obama ultimately appoints will make an important difference to his administration's approach to Asia, but my reading of his approach and instincts suggests some interesting adjustments in emphasis.

The most conspicuous of these relates to India. I expect India will receive increased attention. Above all, its vibrant democracy and traditions of robust cultural pluralism will attract him to it. The potential for India to buttress American interests in Afghanistan and Iraq and to counterbalance China's rise will reinforce this. All of these factors lead me to expect an intensified drive for engagement with India. I do not expect major change in America's approach to China. Two overarching factors are likely to continue to dominate: he will have growing need for China's cooperation on economic matters and he will be unable to escape the inexorable challenge of China's growing geopolitical weight for American strategic interests. Beyond this, his instincts will be to reach out to social, economic and political reformers in China—to the extent circumstances in China afford opportunities for this.

Indonesia is an intriguing case. Although he has said very little about this during the campaign, there are indications that his time in Indonesia has strongly positive associations for him. His willingness to make time during the presidential campaign for personal meetings with private Indonesian citizens, who knew his mother from her years there, offers a small window onto this dimension of his background. Published and private accounts suggest Indonesia carries very positive associations and experiences of cultural pluralism. This is unlikely to have major consequences for America's approach to Indonesia, but it could lead to efforts to ensure a particularly capable envoy is chosen as Ambassador and a heightened interest in engaging with Indonesia.

But the most interesting bilateral question, I think, will centre on Obama and Japan. Obama appears to have no significant connection to or affinity for Japan. His political instincts are unlikely to lead him to place the same heavy emphasis on Japan's importance as an ally as Bush. And Japan is unlikely to put itself forward as a strong, active partner on the international issues that matter most for him. While I don't expect any conspicuous change here, I would not be surprised if there is a subtle easing in American prioritisation of Japan.

Finally, Obama's interest in rebuilding America's international image and relationships will almost certainly lead to a renewed emphasis on multilateral

engagements. I would not be at all surprised if—as part of this general orientation—he finds Kevin Rudd’s Asia-Pacific community initiative a very convenient opportunity for advancing America’s collective engagement with Asia. There is a strong chance of multiple interests coinciding on that particular piece of policy space.

*13 November 2008*

AUSTRALIAN FINANCIAL REVIEW

PETER DRYSDALE

## **Asians are now proud Americans too**

There has been no American presidential election in my lifetime that has been watched with such intense and partisan interest internationally as the election that has just swept Barack Obama into the White House. Through the prism of the new technologies we’ve watched the detail of Obama’s rise and rise and his eventual triumph over John McCain in a way that wasn’t possible just four years ago when George W. Bush defeated John Kerry. But more remarkable than our access to the contest and his access to power through cyber technologies has been our partisanship in the process.

The overwhelming majority in almost every constituency around the globe pumped for Obama’s success. President Obama has passed historic muster before the American electorate and, if the polls are to be believed, would have been elected even more resoundingly by a global constituency, from China to France and assuredly here in Australia where the latest Nielsen poll suggests that 73 per cent of the electorate would have voted for Obama had they had a chance. We are all proud Americans now.

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Obama's victory is a triumph of hope in America's future and hope for America's positive role in world affairs. Obama brings hope with expectation of change.

McCain and Obama both would have brought hope for America in Asia. Though in very different ways, Asia was part of both men's formative experience and is an important element in their world view and international strategic priorities. There are many in Asia, like Prime Minister Taro Aso in Japan who, despite his current and intense East Asian diplomatic initiatives, might have preferred a McCain victory. McCain's idea of a 'league of democracies' might have provided an instrument to keep China more comfortably at bay and his more hawkish foreign policy positions might have provided a surer guarantee of Northeast Asian security. But the main current in policy thinking, in Japan and throughout the rest of Asia, rejects this exclusivist thinking on China, embraces President-elect Obama's assessment of the limits to America's hard power in the Middle East and, like him, puts trust in the rebuilding of soft American power through regional and multilateral engagement.

The rejection of McCain, and the election of Obama, is a rejection of the Bush administration's legacy at home and abroad—a damaged economy, diminished standing in world affairs and the continuing quagmire in the Middle East.

For Asia, Obama's victory represents a chance to wipe the slate clean on all of that and for America to bolster its standing and influence in the region and the world. In Asia, that is what the overwhelming majority wants, as palpably in China as (exquisitely) in Indonesia or in Australia. A stronger America that commands respect for its openness, its democracy, its generosity, its election of the first African-American president is why Asia, too, voted in its heart for Obama. Asia and the world need such an America more than ever it did.

So it's back to business as usual? Not at all.

The change in the structure of economic and political power in Asia and the Pacific, the management of the global economic system, the nuclear non-proliferation regime, the problem of climate change: all require nothing less

than a historic shift in the paradigm of dealings between America and the rest of the world. Only a paradigm shift will allow the international public goods to be put in place that might address these problems. Across this range of issues, there are no ideas and strategies that yet dominate thinking or show the path towards international consensus. There is an undercurrent of hope that President-elect Obama understands the need for a paradigm shift. But what kind of new paradigm is a question to which both America and the rest of the world have yet to parse an answer.

There are bound to be disappointments, frustrations and impatience as soon as the new administration gets down to work. Even on the Group of Twenty (G20) meetings which President Bush has convened in America next week to frame solutions to the urgent problem of instability in the global economic system, President-elect Obama has stood back: there can only be one president at a time, he cautioned. Not everybody's expectations will be met in all respects and dimensions.

But in the enterprise that he has inherited, the new American president has an incredible bank of international and Asian goodwill on which he may draw in forging, in cooperative partnership, the new institutions in Asia and the Pacific, and globally, that are needed for dealing with the problems of our time.

3 June 2009

EAST ASIA FORUM

PETER VAN NESS

## Under Obama, realism ain't so realistic any more

George W. Bush has bequeathed to President Obama two unwinnable wars, a global financial crisis, problems of nuclear proliferation in North Korea and Iran, and a record of doing nothing about climate change.

When the president invites advice from his experts about how to deal with these problems inherited from Bush, he will find that most of his foreign relations advisors are practitioners of realism, by far the most popular paradigm for strategic thinkers and policymakers.

The problem is that realism, as a way of understanding the world and making it comprehensible, will not help very much, because it is based on three fundamental assumptions that no longer hold true. Obama will have to look elsewhere for advice.

Realism, as a paradigm of international relations, assumes that the world is (more or less) anarchic; that the most important actors are states; and that those states will struggle for survival in a dog-eat-dog world, relying mainly on strategies of self-help and calculations of zero-sum games.

But this is not how the world of the twenty-first century is working out. And as Thomas Kuhn observed years ago, the best evidence of impending paradigm change is an accumulation of anomalies, events that cannot be explained by the orthodox way of thinking. Realism is confronting an increasing number of these anomalies.

First, the world is not anarchic. While it is true that there is still no authoritative world government with the power to enforce its decisions, relations among nations are nevertheless far from anarchic. Economic interdependence, advanced means of communication and transportation,

and international institutions like the United Nations and the World Trade Organization, have transformed international relations in ways that profoundly alter calculations of cost-benefit and national interest.

Moreover, in an anarchic world, inter-state warfare is common, but in today's world, the incidence and expected gains of war among states have sharply decreased. At the same time, the perceived benefits of state-to-state cooperation have increased. If there were any doubts about how interconnected our world had actually become, the current financial crisis has demonstrated our interdependence in a devastating way.

Second, realism assumes that international relations can be explained simply by focusing on state behaviour. For realists, the state is the basic unit of analysis. But how can you explain 9/11 in terms of state behaviour? Or the global financial crisis, labelled by many analysts as the greatest security threat of our time?

The basic concept of state sovereignty, a cornerstone of orthodox thinking, has also come under attack. Kofi Annan, when he was United Nations Secretary-General, spoke of 'two concepts of sovereignty', the state and the individual, in a world in which 'states are now widely understood to be instruments at the service of their peoples, and not vice versa', and he urged that individual sovereignty should be a priority for the United Nations.

More recently, the concept of R2P, the responsibility to protect, claims that the international community has the responsibility to intervene to protect civilians from major abuse in states that are either unable or unwilling to protect their own. Finally, at the same time that state sovereignty has come under challenge, multinational corporations, NGOs and other civil society actors have played an increasingly influential role in foreign affairs.

The third major assumption in the realist paradigm, self-help, is also being challenged. The classic realist interpretation of the world envisions states that operate as isolated individuals in a struggle of 'the survival of the fittest', where each must rely principally on its own wit and capacity. Cooperation among states is understood to be motivated mainly by the principle of 'the enemy of my enemy is my friend' or, at best, balance of power. Today, by

contrast, virtually every major world problem appears to require sustained cooperation among states, rather than confrontation.

The world has changed. Governments today are responding to a very different strategic environment than during the Cold War. Just as, by the 1960s, it was clear that autarky as an international economic strategy for any country was no longer viable (and the price that China had paid for its ‘self-reliance’ period under Mao was clear evidence of this), by the turn of the century, it had become clear that strategic autarky was no longer viable for any state, including the United States. George W. Bush’s adventure in unilateralism and the disasters that his administration produced were strong evidence that even for the world’s sole superpower, going it alone would not work.

Aware of this fact, President Obama is searching for opportunities to cooperate with other states to deal with the immense problems left to him by Bush. It is clear that the United States will not be able to resolve any of these problems by itself: getting out of Iraq; reaching a viable solution in Afghanistan; dealing with the global financial crisis; handling the nuclear-weapons challenges by Iran and the Democratic People’s Republic of Korea (DPRK); or, indeed, climate change.

# Contributors

The constituents of the ANU College of Asia and the Pacific are:

Asia-Pacific College of Diplomacy (APCD)

Crawford School of Economics and Government

Faculty of Asian Studies (FAS)

Research School of Pacific and Asian Studies (RSPAS)

**Kent Anderson** is Professor of Asian Studies and Law and Director of the Faculty of Asian Studies. His research has focused on Japanese insolvency, conflict of laws and, recently, the introduction of Japan's new quasi-jury system (*saiban-in seido*).

**Shiro Armstrong** is a Research Fellow in the Crawford School. His research areas are Japan-China trade and politics, East Asian economic integration and East Asia-South Asia economic integration.

**Edward Aspinall** is a Senior Fellow and Head of the Department of Political and Social Change, RSPAS, with research interests in Indonesian democratisation, separatist conflicts and nationalism. He is author of *Opposing Subarto: Compromise, Resistance and Regime Change in Indonesia* (Stanford University Press, 2005) and *Islam and Nation: Separatist Rebellion in Aceh, Indonesia* (Stanford University Press, 2009).

**Robert Ayson** is a Senior Fellow, Strategic and Defence Studies Centre, RSPAS, where he directs the Graduate Studies in Strategy and Defence Program. His research centres on the relationship between strategic ideas and strategic policy. He is a regular media commentator on nuclear issues and the use of force in international politics.

**Rochelle Ball** is an international labour migration expert, with 20 years research and applied policy experience in the Asia Pacific. She holds a PhD in Human Geography from the University of Sydney and was a postdoctoral fellow in the Southeast Asia Program at Cornell University. She is project leader of the International Labour Mobility Project in the State, Society & Governance in Melanesia Program, RSPAS.

**Geremie R. Barmé** is an Australian Research Council Federation Fellow and Professor of Chinese History, RSPAS. He has written widely in English and Chinese for both specialist and general audiences. He is also a filmmaker and editor. His most recent book is *The Forbidden City* (London: Profile Books; Cambridge, Mass.: Harvard University Press, 2008).

**Aaron Batten** recently completed his Economics PhD in the Crawford School on the fiscal effects of foreign aid in Papua New Guinea. He currently works as an economist in the Malawi Ministry of Finance within the Aid and Debt Management Division. Previous work experience includes the Australian Commonwealth Treasury, the National Research Institute in Port Moresby and the East Asian Bureau of Economic Research in Canberra.

**Hilary Charlesworth** is an Australian Research Council Federation Fellow, Professor in the Regulatory Institutions Network, RSPAS, and Director of the Centre for International Governance and Justice (CIGJ), ANU. She also holds an appointment as Professor of International Law and Human Rights in the Faculty of Law, ANU. Her research interests are in international law and human rights law.

**Nick Cheesman** is a doctoral candidate in the Department of Political and Social Change, RSPAS, and a member of the Asian Legal Resource Centre, Hong Kong.

**Jenny Corbett** is Professor and Executive Director of the Australia-Japan Research Centre in the Crawford School. She is also Reader in the Economy of Japan at the University of Oxford and a Research Fellow of the Centre for Economic Policy Research (CEPR, London). Her research centres on current macroeconomic and financial policy issues in Japan, regional financial integration and trade in financial services. She currently has an ARC Linkage Project on barriers to services trade and works with the newly established ERIA (Economic Research Institute for ASEAN and East Asia) on regional services trade and on linkages between finance and the real sector of the economy. She is a member of the Australia-New Zealand Shadow Financial Regulatory Committee which comments on current developments in financial and monetary policy.

**Bina D'Costa** is a Research Fellow in the Centre for International Governance and Justice (CIGJ), RegNet, RSPAS, and the convener of the Security Analysis program in FAS. She is the author of *Nationbuilding, Gender and War Crimes in South Asia* (Routledge, forthcoming 2010).

**Asa Doron** is a Research Fellow in the Department of Anthropology, RSPAS, with personal interests in middle-east politics. His research work has focused on South Asian culture, health and political change. He is author of *Caste, Occupation and Politics on the Ganges: Passages of Resistance* (Ashgate, 2008).

**Peter Drysdale** is Emeritus Professor of Economics and a Visiting Fellow in the Crawford School. He is head of Australia's East Asia Forum and the East Asia Bureau of Economic Research (EABER). He is widely recognised as a leading intellectual architect of APEC. He is the author of a number of books and papers on international trade and economic policy in East Asia and the Pacific, including his prize-winning book, *International Economic Pluralism: Economic Policy in East Asia and the Pacific*. He is recipient of the Asia Pacific Prize, the Weary Dunlop Award, the Japanese Order of the Rising Sun with Gold Rays and Neck Ribbon, the Australian Centenary Medal and he is a member of the Order of Australia.

**Nicholas Farrelly** works in the Department of Political and Social Change, RSPAS. His current research interests stretch across mainland

Southeast Asia, with a particular focus on Thailand and Burma. His blog, *New Mandala*, which he runs with Andrew Walker, is at <http://asiapacific.anu.edu.au/newmandala/>.

**Greg Fealy** holds a joint appointment as Fellow and Senior Lecturer in Indonesian politics in the Department of Political and Social Change, RSPAS, and Lecturer in Indonesian politics and history in the Faculty of Asian Studies. His main research interests are Islamic politics in Indonesia and terrorism in Southeast Asia.

**Jon Fraenkel** is a Senior Research Fellow in the State, Society & Governance in Melanesia Program, RSPAS. He is author of *The Manipulation of Custom: from Uprising to Intervention in the Solomon Islands* (Wellington, NZ: Victoria University Press; Canberra: Pandanus Books, 2004). His research and publications focus on the economic history of Oceania, electoral systems and contemporary Pacific politics, and he regularly covers contemporary Pacific issues in the international media.

**Ross Garnaut** AO was Professor of Economics, RSPAS, and is now Distinguished Professor, ANU, and Vice-Chancellor's Fellow and Professorial Fellow in Economics, University of Melbourne. During 2007 and 2008 he conducted a review on Climate Change and Policy Response to Climate Change for the Federal, State and Territory governments of Australia, now published as *The Garnaut Climate Change Review* (Cambridge University Press, 2008).

**Sandy Gordon** is with the Centre of Excellence in Policing and Security (CEPS), RegNet, RSPAS. He has worked both in government and as an academic and spent extended periods in India. His research focuses on South Asian and Indian Ocean strategic issues and the relationship between crime and terrorism. His recent work covers Sino-Indian relations and sale of uranium to India. He is a cofounder of the blog, *South Asia Masala*, <http://asiapacific.anu.edu.au/blogs/southasiamasala/>.

**R. Quentin Grafton** is Professor of Economics and Director of the Centre for Water Economics, Environment and Policy at the Crawford School. His research interests rest in the problems of the environment,

especially the overexploitation of renewable resources (fisheries and water), and in social capital and economic growth. He is the senior editor of a major fisheries volume entitled *Handbook of Marine Fisheries Conservation and Management* (Oxford University Press, forthcoming December 2009).

**Nicole Haley** is interim Convener, State, Society & Governance in Melanesia Program, RSPAS. She has extensive research and consultancy experience in Melanesia, having undertaken more than 60 months field-based research in PNG and the Solomon Islands over the past 17 years. Her research to date has focused on aspects of political and social conflict, including social identity, contemporary land politics, electoral politics, conflict and armed violence, gender and HIV/AIDs, and the links between these and service delivery failure.

**Stuart Harris** is Emeritus Professor, Department of International Relations, RSPAS. His research interests include China's international relations, especially with the US; regional, notably Northeast Asian, economic, political and strategic developments; and energy issues.

**Susan Harris Rimmer** is a Research Officer in the Building Democracy & Justice After Conflict project in the Centre for International Governance and Justice (CIGJ), RegNet, RSPAS. Her work in CIGJ provides a feminist perspective on transitional justice processes. She is president of Australian Lawyers for Human Rights.

**Hal Hill** is the H. W. Arndt Professor of Southeast Asian Economies, Arndt-Corden Division of Economics, RSPAS. He works primarily on economic development issues in Southeast Asia, especially Indonesia and the Philippines.

**Ben Hillman** teaches comparative politics at the Crawford School. He also serves as Deputy Convenor of the Australia Indonesia Governance Research Partnership and Chair of the Eastern Tibet Training Institute. His research interests include ethnic politics, democratisation and local governance.

**Stephen Howes** is a Professor at the Crawford School. In 2008, he worked on the Garnaut Climate Change Review. Prior to that, he was Chief

Economist with the Australian Agency for International Development (AusAID). From 1994 to 2005, he was with the World Bank, including as Lead Economist for India, based in Delhi. He has a PhD in Economics from the London School of Economics and has conducted extensive research over the last 20 years into the economies of the Asia Pacific region.

**Ron Huiskens**, Senior Fellow in the Strategic and Defence Studies Centre, RSPAS, specialises in East Asian security, alliance politics, arms control, nuclear weapons and missile defence.

**Shakira Hussein** is a writer and researcher focusing on the issues of gender, Islam, South Asia and Muslims in Australia. She completed her doctoral thesis, 'Muslim and western women: scrutinising the other, reflecting the self', in the School of Social Sciences, ANU, in 2008. She is a Visiting Fellow in the College of Arts and Social Sciences and has tutored in the Faculty of Asian Studies.

**Paul D. Hutchcroft** is a scholar of comparative and Southeast Asian politics who has written extensively on the Philippines. His research interests include state formation and territorial politics, the politics of patronage, political reform and democratic quality, state-society relations, structures of governance and corruption. He is a Professor in the Department of Political and Social Change, RSPAS, and the Director of the newly formed School of International, Political, and Strategic Studies (IPS) in the College of Asia and the Pacific.

**Robin Jeffrey** was Dean, College of Asia and the Pacific, and Director, RSPAS, from 2006 to 2008. He is now Visiting Research Professor, Institute of South Asian Studies and Asia Research Institute, National University of Singapore. He has been a student of Indian politics and modern history since the 1960s. His recent work has been on the Indian newspaper industry and on Indian media more generally.

**Raghbendra Jha** is Rajiv Gandhi Professor of Economics, Arndt-Corden Division of Economics, and Executive Director, Australia South Asia Research Centre, RSPAS. His research interests are macroeconomic

problems of developing countries, optimal tax and price policy, fiscal federalism, Indian economic problems—in particular, poverty, undernutrition, functioning of agricultural markets and financial sector reforms.

**Frank Jotzo** is a Research Fellow, Resource Management in Asia-Pacific Program, RSPAS, and Deputy Director of the ANU Climate Change Institute. His research interests include economic development and environment, international climate policy and economic mechanisms for achieving environmental objectives.

**Rikki Kersten**, Professor, Department of Political and Social Change, RSPAS, researches on political thought and political history in modern Japan, including debates over war apologies and war guilt in Japan, Australia–Japan relations, Japanese policy towards North Korea, historical revisionism and contemporary Japanese politics.

**Hyung-A Kim** is an Associate Professor of politics and Director of the Australia-Korea Leadership Forum, RSPAS. She is the author of *Korea's Development under Park Chung Hee: Rapid Industrialization, 1961–79* (RoutledgeCurzon, 2004) and co-editor of *Reassessing the Park Chung Hee Era: Development, Political Thought, Democracy and Cultural Influence* (University of Washington Press, forthcoming). She is currently working on a book on South Korean democracy.

**Brij V. Lal** is Professor, Division of Pacific and Asian History and The Pacific Centre, RSPAS. His research interests are contemporary Pacific Islands history, Fiji, comparative constitutionalism, plantation systems and labour history, and Asian diaspora. He was a member of the Fiji Constitution Review Commission whose report forms the basis of Fiji's constitution.

**Joseph Lo Bianco** is Professor of Language and Literacy Education at the University of Melbourne.

**Greg Lopez** is a postgraduate student at the Crawford School. His area of research interest is institutional and trade policy reforms in ASEAN, China and India.

**Maxine Loynd** is a doctoral candidate in the Department of Political and Social Change, RSPAS. She studies Indian politics and her thesis is on four chief ministers of Uttar Pradesh.

**Andrew MacIntyre** is Professor of Political Science, Dean and Head of the College of Asia and the Pacific. His principal research interests are in the areas of comparative political economy with a regional focus on Southeast Asia, and the international relations of the Asia Pacific region. His latest book is *The Power of Institutions: Political Architecture and Governance* (Cornell University Press, 2003).

**Jamie Mackie** was the founding professor in the Department of Political and Social Change, RSPAS, from 1978 to 1989, and previously Director of the Centre for Southeast Asian Studies at Monash (1968–78) and head of the Department of Indonesian Studies at the University of Melbourne (1957–67). He is now a Visiting Fellow in the Indonesia Project, RSPAS, and an ANU Emeritus Professor.

**William Maley** AM is Professor and Foundation Director, Asia-Pacific College of Diplomacy. He is the author of *Rescuing Afghanistan* (London: Hurst; Sydney: UNSW Press, 2006).

**Amrita Malhi** is a PhD Candidate in the Faculty of Asian Studies. She is currently finalising her thesis on Islamism and the Caliphate in an anticolonial uprising for land and forest access in Terengganu, Malaya, in 1928.

**Chris Manning** is Head of the Indonesia Project, Arndt-Corden Division of Economics, RSPAS. His special research interests are labour markets, labour policy and migration in Indonesia and East Asia. He also writes on broader issues of Indonesian economic development.

**Peter McCawley** is a Visiting Fellow in the Indonesia Project, Arndt-Corden Division of Economics, RSPAS. He is formerly Dean of the Asian Development Bank Institute, Tokyo.

**Ross McLeod** is a Senior Fellow in the Indonesia Project, Arndt-Corden Division of Economics, RSPAS, and is editor of the *Bulletin of Indonesian Economic Studies*. His recent research has concentrated on the nature of the Soeharto regime and its legacy for the newly democratic Indonesia, and on

possible approaches to reform of the public sector in the post-Soeharto era.

**Tessa Morris-Suzuki** is Professor of Japanese History, RSPAS. Her most recent work includes the book *Exodus to North Korea: Shadows from Japan's Cold War* (Rowman & Littlefield, 2007).

**Richard Mulgan** is Emeritus Professor and Acting Director, Crawford School of Economics and Government. He is author of *Holding Power to Account: Accountability in Modern Democracies* (Palgrave Macmillan, 2003).

**Evan Osnos** is a staff writer at *The New Yorker*. He is the magazine's correspondent in China, where he has lived since 2005. His articles have focused on China's young neoconservatives, the rise and fall of a tycoon, the influx of African migrants and the life of China's best boxer.

**Luigi Palombi** has been an intellectual property lawyer since 1986 and an academic at RegNet, RSPAS, since 2006. He is currently working on an ARC project entitled The Sustainable Use of Australia's Biodiversity: Transfer of Traditional Knowledge and Intellectual Property. He has delivered invited papers and lectures in patent law at international legal conferences and meetings. In 2009 Edward Elgar (London, New York) and Scribe (Melbourne) published his first book, *Gene Cartels: Biotech Patents in the Age of Free Trade*, simultaneously in hardback and paperback.

**Benjamin Reilly** is Director of the Centre for Democratic Institutions in the Crawford School. His research interests are democracy and democratisation; elections and electoral systems; Australian foreign policy and regional security in the South Pacific; ethnic conflict and conflict management; and governance and development in the Asia Pacific.

**Craig Reynolds** is an Adjunct Professor in FAS. He is completing a study of religion, policing and the environment in Thailand's mid-south during the first half of the twentieth century.

**Richard Rigby** is Head of the ANU China Institute and was formerly an Australian diplomat and analyst specialising on Chinese and Asian affairs. He was based in China during the 1980s.

**Ligang Song** is Associate Professor and Director of the China Economy and Business Program in the Crawford School. He researches on and teaches

courses in international trade, development economics and the Chinese economy.

**Will Steffen** is Professor and Executive Director of the ANU Climate Change Institute. His interests span a broad range within the field of sustainability and Earth System science, with an emphasis on the science of climate change, approaches to climate change adaptation in land systems, incorporation of human processes in Earth System modelling and analysis; and the history and future of the relationship between humans and the rest of nature.

**Kate Sullivan** is a PhD candidate in International Relations, RSPAS. Her research explores Indian understandings of what it means to be a globally 'great' and 'powerful' state, and examines India's evolving international identity since Independence. She is a cofounder of the blog, *South Asia Masala*, <http://asiapacific.anu.edu.au/blogs/southasiamasala/>.

**Peter Van Ness** is a Visiting Fellow in the Contemporary China Centre, RSPAS. He is coordinator of a project on historical reconciliation and cooperative security in Northeast Asia, <http://china-japan-reconciliation.blogspot.com>.

**Andrew Walker** is an anthropologist with a particular interest in rural development, modernisation and local politics in Thailand and Laos. He works in the Department of Political and Social Change, RSPAS. He runs the *New Mandala* blog with Nicholas Farrelly.

**Hugh White**, Professor of Strategic Studies, is Head of the Strategic and Defence Studies Centre, RSPAS, and Visiting Fellow at the Lowy Institute of International Policy. He researches and writes about Australian strategic and defence policy and is also a regular commentator in print and other media.

**Trevor Wilson** is a Visiting Fellow on Myanmar in the Department of Political and Social Change, RSPAS. He was Australian ambassador to Myanmar 2000–03 after a long career in the Australian government and as an Australian diplomat. He has been co-convenor of ANU's 'Myanmar/Burma Update Conference' since 2004 and has edited or co-edited three volumes of papers from the update conference.