STRATEGY

ASPI

Global Forces 2006

Proceedings of the ASPI conference.
Day 1

ASPI
AUSTRALIAN
STRATEGIC
POLICY
INSTITUTE

December 2006

About ASPI

ASPI's aim is to promote Australia's security by contributing fresh ideas to strategic decision-making, and by helping to inform public discussion of strategic and defence issues. ASPI was established, and is partially funded, by the Australian Government as an independent, non-partisan policy institute. It is incorporated as a company, and is governed by a Council with broad membership. ASPI's publications—including this paper—are not intended in any way to express or reflect the views of the Australian Government.

The opinions and recommendations in this paper are published by ASPI to promote public debate and understanding of strategic and defence issues. They reflect the personal views of the author(s) and should not be seen as representing the formal position of ASPI on any particular issue.

Join the debate

Send us your views in writing. As a contribution to the public debate ASPI may publish comments, as presented, on our web site, unless you indicate otherwise. ASPI's Privacy Statement is on our web site.

Level 2, Arts House
40 Macquarie Street
Barton ACT 2600
AUSTRALIA

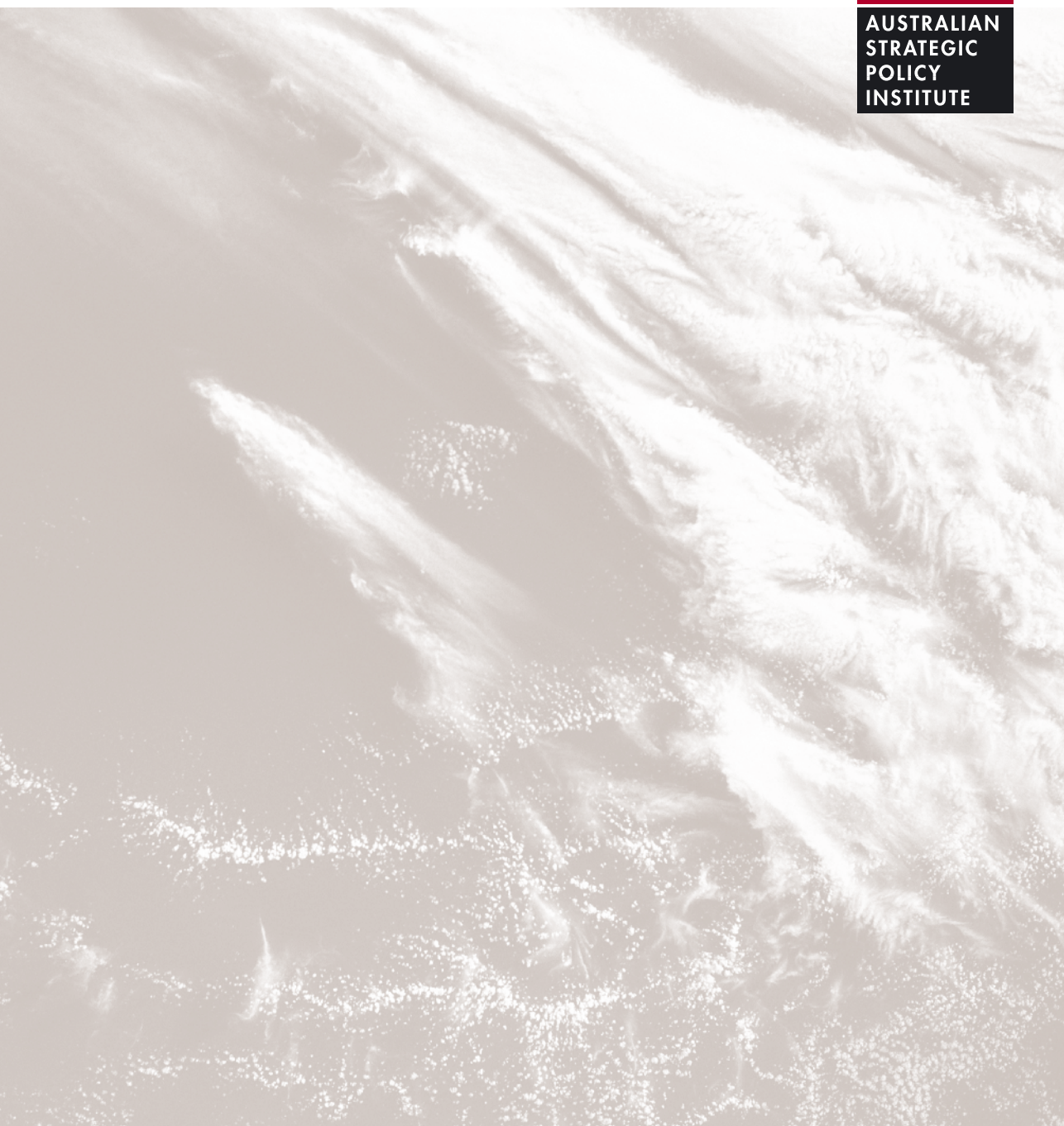
Email jointhedebate@aspi.org.au
Facsimile +61 2 6273 9566

Cover image: Low-Earth-Orbit View of Clouds over Pacific Ocean. © CORBIS/APL

Global Forces 2006

Proceedings of the ASPI conference.
Day 1

ASPI
AUSTRALIAN
STRATEGIC
POLICY
INSTITUTE



First published December 2006

Published in Australia by the Australian Strategic Policy Institute

ASPI
Level 2, Arts House
40 Macquarie Street
Barton ACT 2600
Australia

Tel + 61 2 6270 5100
Fax + 61 2 6273 9566
Email enquiries@aspi.org.au
Web www.aspi.org.au

ISBN 1 921302 06 2 (v. 1: pdf).

ISBN 1 921302 07 0 (v. 2: pdf).

Contents

Director's introduction

ASPI conducted its second *Global Forces* international conference in Canberra on 26–27 September 2006. Our approach was to bring a group of distinguished Australian and overseas speakers together to share different perspectives of strategic and security affairs with our audience. Our focus was on the bigger geopolitical issues shaping Australia's strategic landscape. These include forces such as globalisation, identity politics and the rise of fundamentalist movements, questions surrounding economic and environmental sustainability, shifts in geopolitics stemming from the emergence of new economic powerhouses such as China and India, and the responses to these trends within the prevailing world order. Our interest was in understanding the implications of these forces for Australia's role in global and regional security affairs and the strategic choices we might face.

The papers presented here provide a valuable record of the conference proceedings and a rich collection of ideas about strategic possibilities and what they might mean for Australia. I am grateful to the speakers for their efforts and insights, and to Prime Minister John Howard for outlining Australia's security policy priorities in his Keynote Address. In some cases our speakers requested that we publish pre-written versions of their presentation. Others were happy for us to use edited transcripts of their comments.

Conferences are complex and time consuming activities to organise. It takes the efforts of a dedicated team over many months to deliver a high quality event and the entire ASPI staff contributed to the success of *Global Forces 2006*. But at the core of these efforts were our events organisers Tas Frilingos and Lynne Grimsey who again produced a flawless event from start to finish. I congratulate and thank all for their outstanding achievements.

ASPI was fortunate to secure important sponsorships to support the conference. I am delighted to thank Thales Australia, Lockheed Martin Australia, KBR, Noetic Solutions and the Department of Defence for their assistance and continuing support for ASPI activities. Nugan Estate Wines supported the conference dinner as beverage sponsor. We look forward to working with Defence and these fine businesses again.

Peter Abigail
Director

Photo opposite: Canberra from space-enhanced view of city from Satellite image. © CORBIS/APL

Opening keynote address

AUSTRALIA'S SECURITY AGENDA

The Honourable John Howard MP, Prime Minister of Australia

Thank you very much Mr Harvey, Mark Johnson, Peter Abigail, the other members of the board of ASPI, ladies and gentlemen. Let me start by congratulating the Australian Strategic Policy Institute for its initiative in bringing together this two-day conference. When the Institute was conceived a number of years ago its very aim, or the aim of the government was to create the kind of approach the Institute has brought to an examination of Australia's strategic challenges and the number of, and range of people that you have assembled to take part in this conference certainly vindicates the government's faith, both in the concept and also the people who are now giving leadership to the Institute.

> The belief that the protection of our continent and citizens starts well beyond our shores has formed an essentially unbroken line in Australian strategic thinking ...

I've been invited to share some thoughts about our security agenda. And I can start by stating the very obvious and that is that the core of Australia's security agenda is quite straightforward. It is to protect and defend our people, and our interests, and our way of life. In practice, Australia has a history of seeing its own security as intertwined with the security of others and with the forces that shape the global system.

Photo opposite: Satellite image from space of Darwin, Australia. © APL

The belief that the protection of our continent and citizens starts well beyond our shores has formed an essentially unbroken line in Australian strategic thinking—from the sacrifices on the Western Front 90 years ago to our commitments today in places like Iraq and Afghanistan. Geography alone has never determined our strategic horizons. Australia's basic security interests have remained remarkably stable over time. Beyond the primary one of territorial integrity, they have involved a global power balance, favourable to our interests and to those of our allies; secure sea and air lanes as sinews of peace and prosperity; and a framework of international norms conducive to individual freedom, economic development and liberal democracy.

Throughout our history, these goals have given direction and purpose to Australia's security agenda, against foes of various stripes and in very different strategic contexts. Beyond the core responsibility of the defence of Australia, the Australian Defence Force has two equally important responsibilities. One is the capacity to act regionally in the interests of peace and stability. This has been a fundamental part of Australia's security agenda in recent years, exemplified by interventions in East Timor, Bougainville and the Solomon Islands. The change some years ago heralded a more assertive strategic posture after a long period of what I might describe as benign abstinence by successive Australian governments.

The other responsibility is the ongoing need to join in coalition operations in different parts of the world when Australia's national interests are at stake. Like other nations, Australia has had to navigate new and diverse security challenges in the last decade—especially in the five years since the 11th of September 2001. The threat of terrorism has transformed the global security agenda. Because the nature of the threat is new and different, so it has demanded new and different attitudes about steps we must take to keep Australia secure.

A complex and overlapping set of global, regional and domestic security issues has been the hallmark of a more turbulent security environment—at least compared with what John Lewis Gaddis called the 'long peace' of the Cold War. It is an environment where attempts to shoe-horn Australia's national security agenda into a form of geographic determinism are even less relevant than in the past.

A defining feature of Australia's security environment is the growing link between global and regional security challenges.

A defining feature of Australia's security environment is the growing link between global and regional security challenges. We observe this on a daily basis—in combating terrorism and transnational crime, countering weapons proliferation, supporting fragile states or responding to economic, environmental and energy security challenges. With the shift in economic and increasingly geo-political weight towards Asia, this intersection of global and regional security challenges will only become more crowded. And demands for Australia to engage in a clear-sighted, highly-integrated and well-resourced strategy of global and regional activism will only intensify.

A direct attack on Australia by a conventional state entity, while it can't be ruled out entirely, appears a remote possibility for the foreseeable future. The most immediate security threats to Australia in 2006 come from the interlocking networks of terror, arms proliferation and

fundamentalist ideology. The struggle against Islamist terrorism and violent extremism will be a generational one. While its crucible is in the Middle East, it is a struggle that has already recast the global security environment in deep and lasting ways. The best answer to terror and extremism is to help people, especially in the Muslim world, who are struggling for security, opportunity and hope. When free societies fail to support others striving for what we have, we do not simply fail them. We fail ourselves.

For Australia, Iraq and Afghanistan are both vital battlegrounds in the fight against terrorism.

For Australia, Iraq and Afghanistan are both vital battlegrounds in the fight against terrorism. Australia's engagement in these theatres—and in the Middle East more generally—is important in protecting our interests and keeping Australia secure. Australian forces are in southern Iraq helping to secure the foundations of a viable, democratic future. The handing back of Al Muthanna province to Iraqi security forces in July this year was due in no small measure to the courage and hard work of the Australian Defence Force.

In Afghanistan, more than 500 Australian troops are helping that country meet its difficult security challenges. These are both dangerous missions and the path to security in Iraq and Afghanistan will be long and hard. The level of insurgent and sectarian violence in Iraq remains very high and the Iraqi Government faces many difficult challenges to secure the country's democratic transition and development.

In Afghanistan, the level of violence, including suicide bombings, has increased significantly in recent months as the Taliban and other terrorist groups seek to destroy the credibility of the Afghan Government. The international community must continue to support these fledgling democracies because the implications of failure for the global security environment are enormous.

Amongst the lessons of the 11th of September was the danger of a turning a blind eye to states wracked by extremism, fundamentalism and chaos. The aftermath of the war in Lebanon also demands that all nations refocus on the two essential conditions for any lasting peace in the Middle East.

The first is that there must be an unconditional acceptance throughout the entire Arab world, without exception, of Israel's right to exist in peace and security behind internationally recognised borders. The entire Arab world—including Syria, Hezbollah and Hamas, and in addition Iran—must give up forever the idea that the Israelis can be driven into the sea.

Cooperation among nation states is still the best defence against terrorism.

The second condition is that there has to be an equally unconditional acceptance, including on the part of Israel, of the need for a just settlement with the Palestinian people through the establishment of a viable and independent Palestinian state. Until those two conditions

are met, the legitimate hopes for peace and security in the Middle East will remain unrealised and the running sore of the Palestinian issue used vociferously as a recruiting weapon by extremists.

Cooperation among nation states is still the best defence against terrorism. Together with our active role in global and regional institutions, Australia has forged a network of 12 bilateral counter-terrorism agreements—stretching from Afghanistan to Fiji. Working with partners in South East Asia to help reduce the risk of terrorism is an abiding priority. Like other liberal democracies, we have also taken steps to better secure the home front against terrorism.

Good intelligence is still the best protection against terrorism. In the case of terrorism, protection is not only better than cure. There is no cure from a successful terrorist attack—only mitigation of pain and suffering. All our actions are based on the premise that Australia will remain a terrorist target in the years to come. We can expect that Al Qaeda and its fellow travellers, especially in South East Asia, will be persistent and adaptable, probing our security processes for any weakness.

Countering the proliferation of weapons also demands an integrated mix of global and regional activism.

Countering the proliferation of weapons also demands an integrated mix of global and regional activism. With practical measures such as the Proliferation Security Initiative, we are helping to disrupt trade in weapons, materials and technologies while also working to reinforce multilateral export controls and safeguards. Australia is heavily engaged in supporting international efforts to address the nuclear brinkmanship of Iran and North Korea.

Iran's behaviour—in defiance of United Nations Security Council Resolution 1696—needs to be met with resolve by the international community. While Australia is committed to finding a diplomatic solution, the UN needs to act quickly and decisively to ensure its own credibility. The challenge of helping weak and fragile states achieve security and development is related to almost every threat we face in this globalised security environment. Again, contributions in Iraq and Afghanistan reflect Australia's appreciation that our interests and responsibilities are both global and regional.

Australia has a particular responsibility to assist vulnerable states in our region that confront challenges of law and order, corruption and weak governance. In East Timor and in a number of island states in the Pacific, we have been prepared to act in a robust, hands-on way. Though not without tensions at times, on the whole, our strong engagement is welcomed by neighbouring peoples.

Australia will continue to shoulder the lion's share of external assistance to some states. At the same time, we are under no illusions that their ultimate destiny lies in their own hands. This perspective underpins the work of the Australian Defence Force, as well as Australian police, diplomats, aid workers and others drawn from various Australian Government agencies working on the ground.

Clearly Australia's most immediate interests and responsibilities lie in Asia and the Pacific, for reasons of geography but also given the region's growing power and importance. Strength through cooperation will remain central to how Australia pursues its regional security interests. With a balance of principle and pragmatism, we seek to engage most substantially with those countries with which our primary strategic and economic interests reside.

Australia's alliance relationship with the United States—an alliance of both interests and values—remains a cornerstone of our security.

Australia's alliance relationship with the United States—an alliance of both interests and values—remains a cornerstone of our security. For the foreseeable future, no other country in the world will have the spread of interests or strategic reach of the United States. Steps taken to strengthen our alliance in the last decade reflect Australia's view that none of the security challenges we face can be met without American power and American purpose.

Australia has also encouraged Japan to play a greater security role regionally and globally. This year's Trilateral Strategic Dialogue between Japan, Australia and the United States has added a new dimension to our relationship. As well as working with Japanese forces in Iraq, Australia has continued to support Japan taking a permanent seat on an expanded UN Security Council—as recognition of a more confident country assuming its rightful place, not only in the region, but in the world.

The Australian Government as you know has also raised significantly our level of strategic engagement with both China and India. China is determined to reclaim its place in the global system and should be further encouraged to play a constructive role in the region, including as a crucial partner in efforts to halt North Korea's nuclear ambitions. Australia seeks a strong partnership with China by building on our shared interests while dealing openly and honestly on issues where we might disagree.

By any standard, India is emerging as a major regional and global power. With among the world's largest armed forces, the largest navy in the Indian Ocean and a nuclear weapons capability, it will exert greater influence on our security environment. Australia's relationship with Indonesia, the world's largest Muslim nation and now its third largest democracy, is in the centre of Australia's security agenda in South East Asia, not least in the fight against terrorism.

The transformation of Indonesia after decades of authoritarianism is a remarkable political achievement, too little remarked and acknowledged in many part of the world. As a neighbour and friend, Australia will continue to place the highest priority on supporting the efforts of President Yudhoyono to strengthen its democratic processes and economic development.

Today's complex and interrelated security challenges have placed new demands on Australia's resources and security capabilities. The government's long-term commitment to a 3% real growth per year in defence spending will see Australia's defence budget rise to about $26 billion by 2015–16. This will ensure a more combat focused, better equipped and

more operationally ready defence force. The government's recent decision to increase the size of the Army by two battalions is designed to meet future regional and global security challenges. Recent events in East Timor and the Solomon Islands have again shown the sorts of demands which our regional security environment places on Australia.

Today's complex and interrelated security challenges have placed new demands on Australia's resources and security capabilities.

The expansion of the Army will enable our troops to better sustain operations and to rotate forces so as to be better prepared for future requirements. It will ensure our soldiers are better supported and, when they get home, better rested and prepared to meet future challenges. This increase in the size of the Army is in addition to the enhanced land force capability announced last year as part of the Hardened and Networked Army initiative. It reflects this government's fundamental reassertion of the strategic importance of the Army—and indeed of the individual soldier—in Australia's strategic culture.

The Australian Government has also invested heavily in our broader defence capability for the years ahead. This year's Budget provided for enhanced heavy airlift capacity and planned investments will fund vital projects such as new air combat capability, Air Warfare Destroyers and Abrams tanks, the first of which were delivered last week. Australia must maintain a high level of operational capacity, not just with our military but also with our policing capacity. The recent decision to increase the International Deployment Group of the Australian Federal Police by some 400 personnel will provide extra capacity to undertake stability operations and to respond at a moments notice to emerging law and order issues.

Beyond peace enforcement, Australia's leadership role also extends to helping our friends and neighbours in times of natural disaster and humanitarian crisis. This is an area where the courage, resilience and compassion of Australian forces have shone through in recent years—especially in the wake of the 2004 Asian Tsunami and last year's devastating earthquake in Pakistan.

In the 21st century ladies and gentlemen, national security begins at home in more ways than one. Not least, it begins with a strong and growing economy so that we can afford to address the whole gamut of our security challenges. Australia's sustained prosperity—an economy now in the 16th year of economic growth—has provided the essential capacity to expand the resources we devote to national security, when and where they are needed.

In addition to greater defence spending, since the 11th of September 2001 we have committed over $8.3 billion to improving a wide range of domestic security capabilities, including intelligence, law enforcement, border security and protection of transport and other infrastructure. Funding for our domestic intelligence service—the Australian Security Intelligence Organisation—has increased substantially to the point where it is now better resourced than at any time since the height of the Cold War.

The Commonwealth Government continues to work with state and territory governments across Australia to ensure that counter-terrorism laws strike the right balance between

protecting individual rights and freedoms, and the right of the community to be safe from a terrorist attack. The recent aviation bomb plot in Great Britain has reminded all of us of the need for vigilance and to constantly evaluate our security procedures. Like all Western liberal democracies, we need to provide security without compromising our values and our way of life, but also remembering that the greatest human right of all is the right to live.

When people talk about civil liberties, they sometimes forget that action taken to protect the citizen against physical violence and attack is a blow in favour, and not a blow against, civil liberties. The battle against Islamist extremism in Australia will only be won with a strong combination of accurate intelligence, effective law enforcement and, crucially, a commitment to certain shared values across the whole of our society. Liberal democracies around the world are having to face challenges at the point where questions of citizenship, immigration, culture and national security intersect—what the British writer David Goodhart has labelled 'security-and-identity issues'.

The maintenance of social cohesion in Australia is both our greatest national achievement and our greatest national challenge for the future.

The maintenance of social cohesion in Australia is both our greatest national achievement and our greatest national challenge for the future. We rightly celebrate our cultural diversity—but this must never be at the expense of the greater importance we attach to the common values that bind us together as one people.

In the end, what links the different strands of Australia's security agenda is not how we see others but how we see ourselves. Today's globalised security environment, while it may have shaken some old prisms and paradigms, has also brought into sharper focus enduring interests and values that have served Australia well in the past. In the teeth of battle, in the cause of peace and in face of human suffering, a distinctly Australian blend of realism and idealism has come into its own.

The government is under no illusions that there are those who want to harm our country and its people. We do not underestimate the strategic challenges that confront us and the tests we will likely face in the future. So while I am confident that our security agenda will become no less complex and crowded than it is in 2006, I am also very confident that Australia can prevail and prosper.

Thank you.

One—Global context and influences

THE GLOBALISATION OF SECURITY

Paul Cornish

There are three parts to my talk this morning. First of all, very briefly I want to talk about globalisation and what we mean by this term, and to identify a workable definition. I then want to talk about globalisation and security: what are the security dimensions or challenges of globalisation as I will have described it? And then, finally, the question of globalisation and strategy: what is to be done about the challenges that I will have set out?

Globalisation has many dimensions: economic, political, cultural, technological and ecological.

Globalisation

Globalisation: what do we mean by it? It's not new, first of all. International flows of capital, ideas and people have been around for a very long time. Globalisation is most often understood to refer to the global economic and financial system, but it's not exclusively an economic phenomenon. I came across one definition which went as follows: 'a multidimensional set of social processes that resists being confined to any single thematic framework'. So that narrows it down a bit for you. Globalisation has many dimensions: economic, political, cultural, technological and ecological. It's also a term which is laden with many norms and values and assumptions. Is it a good thing or not? Does it even exist in any meaningful, tangible, policy relevant way? Can we do away with it if we don't like it, or are we stuck with it?

Photo opposite: Eastern Mediterranean Sea from Space Image: © NASA/Corbis/APL

The best definition I came across, and it's one I'll use as my working definition for this morning, is from Professor Rowland Robertson at the University of Pittsburgh. 'Globalisation'—he said—'is a concept which refers both to the compression of the world and the intensification of consciousness of the world as a whole'. Let me now move on to the question of globalisation and security.

One of the core assumptions and attractions, surely, of the globalisation debate or thesis is that it promises a more rational, interdependent and cosmopolitan world ...

Globalisation and security

Does globalisation make us more or less secure? One of the core assumptions and attractions, surely, of the globalisation debate or thesis is that it promises a more rational, interdependent and cosmopolitan world—a more *human* world, if you like—and, on the other hand, a less violent and more secure world. But the record isn't all that good. The period since the end of the Cold War—that's to say since the moment when the dead hand of geostrategic rivalry was finally lifted and we could all become more conscious of the world as a whole—well, that period has not been either peaceful or secure. We've seen a great deal of man-made disaster in the form of armed conflict, often of the most vicious kind imaginable. In Aceh, in Afghanistan, west and east Africa, in the Balkans, Chechnya, in the Middle East, and most recently of course we've seen the rise of radical violent extremism in Washington, in New York, Bali, Madrid, London, Amman, Delhi, Iraq, and Islamabad. There is, of course, very possibly and very probably much worse to come.

In my view globalisation has had precisely the opposite effect to that imagined or expected by the Cold War liberationists. It has contributed to a climate of perceived total vulnerability to everything from climate change to narcotics networks, to internet fraud out of West Africa, all the way through to international terrorism. A recent AC Nielsen poll in the *Sydney Morning Herald* showed that 63% of Australians felt the world was less safe since 9/11. That's in spite of Australian Federal Police Commissioner Mick Keelty's recent reassurance that Australia is safer now than it was five years ago. Other opinion polls point in similar directions. My point is that we might well be safer and more secure in our own territory and in our own homes but we don't really believe it, because we look beyond and we read the press and we sense an unstable world of threat, hazard and hostility.

It's not an exaggeration, I think, to say that whatever else it has done, for good or ill, globalisation has given us a sense of permanent planetary crisis. Globalisation has, in my opinion, become nothing less than a metaphor for vulnerability and insecurity. The narrative of security, stability, prosperity and so on, seems increasingly to be out of our control, to be driven by external forces and even to have a menacing quality behind it. This is not a comfortable feeling. Let me give you a few illustrations now of what I perceive to be this global crisis consciousness.

... globalisation has given us a sense of permanent planetary crisis.

First of all, the threat of disease. Just recently the World Health Organization warned of extreme drug-resistant TB (XDR TB). Perhaps 2% of the world's nine million TB cases—that's about 180,000 people—have XDR TB. We need to know whether they fly a lot because TB spreads easily in confined spaces such as aircraft. And of course, there's avian flu to consider, which we in the UK will be doing *ad nauseam* in the coming winter. **Climate change** could cause extensive flooding of coastal areas. By 2025 the population of Bangladesh is expected to reach over 170 million people. Vast numbers of these people live in subsistence conditions and in areas vulnerable to very serious flooding. Who seriously expects these people to stay where they are and await their fate?

Looking elsewhere, it could be that by the middle of the century summer ice around the **Arctic** will have disappeared. But have we settled in advance any disagreements over the Arctic Territorial Sea, over transit rights, over rights to any marine and natural resources? Could the warmed-up Arctic become a radioactive cesspit as Russian nuclear waste leaches out of the rusting hulks of submarines and warships in the Kola Peninsula? Life in more temperate zones could also be more challenging, but in different ways. By 2020, by some estimates, as much as 60% of the world's population could be living in urban areas, several of these areas being vast '**megacities**' which will make Mexico City look like a small village. Where will these people work? What will they eat? What will they drink? What will they do for pleasure? What, in short, will it be like to live in these places? How safe and secure? Another urban phenomenon is the '**world city**'. London appears on the list of world cities. It's got two identities, in other words. What will world cities look like in 2025? Who will own them? What will happen when world cities or mega cities collapse, if they do? On that theme we're likely to see more displays of incompetence and corruption and worse, leading to the **collapse of governments and states**, possibly with violent and repressive consequences. We're all familiar with the concern over so-called **'home grown' radicals and terrorists**—thousands in the US and thousands in the UK, according to official releases. We're told that radicalism spreads insidiously through the banal and grubby fabric of modern Western society: in gymnasiums, in boxing clubs, schools and universities and prisons. Then there's the increased porosity and insecurity of **borders**. In some cases, if you considering financial crime and intangible technology transfer, there's the complete and utter irrelevance of borders.

Finally, in my list of doom, **organised crime**. International networks for financial crime, for smuggling weapons and narcotics and for trafficking people. And the connections between criminal and terrorist networks. On narcotics it seems that by our actions we even make things worse. For 2006 Afghanistan's opium production will hit a record of 6,100 tonnes. That's enough to produce about 610 tonnes of heroin, which is about a third more than the total demand of the world's heroin users. Now, it must be at least possible that the international heroin industry's response to this glut in supply will be to expand their consumer base by trapping more young people into addiction.

To an important extent, therefore, globalisation means that we feel threatened from everywhere and vulnerable to everything.

To an important extent, therefore, globalisation means that we feel threatened from everywhere and vulnerable to everything. It's not just a fevered public imagination that takes this view. The core security statements of NATO and the European Union all proceed from broadly similar assumptions. Often this goes too far and we very frequently find evidence of 'globalunacy', where everything and anything somehow becomes not just possible, but dignified and credible simply because can find it on the World Wide Web. Thus, according to a CNN, USA Today and Gallup poll released at the end of last month and early this month, 45% of the US population blames the US for 9/11. Now, that's not all that unfamiliar. We've all come across those debates. But consider the conspiracy theory which is also doing the rounds at the moment, to the effect that the attack on the World Trade Center was actually carried out by US missiles which were able to generate holograms to make them look like passenger aircraft. And from Reuters: some Kenyan followers of a US-based religious sect known as The House of Yahweh have moved into a series of underground bunkers. They were convinced that the world would end after an outbreak of nuclear war between the US and North Korea on 12th September 2006. War didn't break out apparently because they made mistakes in their calculations around the international time zone. Nevertheless they moved into their bunkers and they can feed themselves for about a year, after which time all the sinners will have been wiped off the earth. The situation might well come to an end sooner rather than later, however, because these bunkers are filling with water and might well cave in.

W H Auden, the poet, said that 'nothing is now so horrid or so silly that it cannot occur'. Let me turn now to more tangible and serious security implications of globalisation. What, in other words, are the implications of globalisation for strategy? First of all, the question of **conflict**, its incidence and its severity . I've already touched on this. Intrastate and separatist conflict, and struggles over resources, all these appear to be increasing in number and in damage caused. This is taking place at a time of increasing global responsibility. Consider the 'Responsibility to Protect'; that's to say the impulse to intervene on humanitarian grounds, an impulse often fuelled of course by scenes relayed by the international media. For this reason I like to think in terms of two trajectories of conflict which we must consider. On the one hand we have a sense of threat from more types of violence and disorder from a wider range of sources. On the other hand we're drawn towards or into violence through our increasing knowledge of and sensitivity to humanitarian abuse and our wish to intervene.

Second—**weapons**. One fairly recent phenomenon has been the rise of global networks of weapon techniques and training and supply. Dan Benjamin of CSIS in Washington has commented on the transfer of weapons and techniques between Iraq and Afghanistan. 'There's no question', he says, 'that there is a global circuit now. Technology and tactics are being shared among different groups in different theatres'. Fortunately, so far these conflicts, appalling as they are, have been conducted at the conventional end of the spectrum—often, indeed, at the preconventional end of the spectrum. (I'm thinking of course of the use of farming tools in Rwanda in 1994). But the proliferation of chemical, biological and nuclear

weapons technology and materials shows little sign of slowing, or even of coming under control. And of course, the A.Q. Khan network does rather make the Kalashnikov and even the Improvised Explosive Device pipelines seem not much more than tactical distractions.

The possibility that CBN weapons—along with the radiological so-called 'dirty bomb'—might be used by terrorist groups is daunting, to say the least. There's also a prospect now of space becoming increasingly militarised and even weaponised, perhaps leading to a whole new arms race. We've long become very familiar with the idea that weapons are not what we've traditionally thought them to be—machetes in Rwanda, as I said, are at one end of the spectrum and at the other end lies the use of the internet and of computing power as a weapon. So we have cyber insecurity: fears of disruption of communications, of denial of service, sabotage or propaganda attacks. This isn't to be considered a mere inconvenience, part of the 'fog of war'. This could be the thing that makes the fog. It might even be the battleground itself where stakes could not be higher.

One fairly recent phenomenon has been the rise of global networks of weapon techniques and training and supply.

Mention of computing and the internet brings in the third implication of globalisation—the **people**. Through cyber mobilisation the state is being missed out altogether by 'a mass networked mobilisation that emerges from cyberspace': 'the information age is having a transformative effect on the broad evolution of conflict, and we are missing it. We're entering the cyber mobilisation era but our current course consigns us merely to react to its effects'. These are the words of Audrey Cronin, writing in *Parameters*. She writes of a technological '*levée en masse*'—'a widespread egalitarian development' driven by 'a democratisation of communications, an increase in public access, a sharp reduction in cost, a growth in frequency and an exploitation of images.' We are losing control.

My fourth theme returns to the position and authority of the **state** in strategy. There are in my view two core assumptions at the heart of Western strategic thinking. The first, from Max Weber, is that the democratic state should have a monopoly on legitimate violence, whether that be through employing police or armed forces. Second, from Clausewitz, is the powerful and compelling claim that politics is in charge: war can only be driven by politics, and if it's driven by something else then it isn't war and we shouldn't let it happen. So, does globalisation mean the end of the state as we know it? If so, what will replace it and, importantly, what will happen to the monopoly on legitimate violence? Will it be okay for anyone to have a go with their private army or will these things be regulated by market forces perhaps? Will the privilege to use armed force reside with those who can afford to equip, deploy and employ a modern army? The private security industry has grown considerably in recent years. By late 2004 annual market revenue stood at about 100 billion US dollars, and these are expected to double by 2010. Now, I'm not one of those who argues that all these private security firms and private military firms, are essentially the mercenaries of the 1960s. That is emphatically not my argument. These organisations do extremely important work in many areas of the world which many governments are reluctant to do. They should be recognised for the work they do. But when private companies not only have armed force available to them with uniforms and all the other trappings, and are also

closely involved in the construction or reconstruction of states—not just the protection of a facility but the reconstruction of a *state*—then it seems to me that the private sector has been allowed into the innermost private sanctum of statehood. The crown jewels, if you like, have been given away and we haven't really noticed. Peter Singer, a noted authority on this subject, has described the security sector as representing 'alternative patterns of power and authority, linked to the global market rather than limited by the territorial state.'

Finally in this section some thoughts about what globalisation has done to **strategy** itself—that is, the use of organised armed force for political purposes. Four ideas come to mind here. The first concerns **scenarios**. In my experience the best scenario people are those who really don't believe in what they do. After all, they know and we know that the future is an unknowable place. So strategic scenarios can never be and should never be anything more than intelligent hypotheses and contingencies, which are useful only to the extent that we don't believe them but do draw lessons about how to think and decide as the unknown future wraps itself around us. Although there are some who persist in thinking they can see into the future, this isn't really the main problem with scenarios. I think the problem with strategic scenarios is that the one scenario we usually don't address is the one we're sitting in. Too often, I'm afraid, we look to strategic futures to identify possibilities, trends and shocks, and we think—properly—about how we might react in similar circumstances. But all the time we're cramming the future into the box that we've prepared for it, without asking whether it fits well enough. It is as if strategy is doomed to be stuck in the old paradigm until everything is destroyed around it and we finally realise. We are still concerned with territorial defence. We are still buying and deploying equipment to defeat the Soviet Third Shock Army. We are still convinced that the military should deal with combat and that the police should deal with law and order once things have settled down. Are these assumptions really robust and durable? I'm not sure. But do we ever really question them? Why can't strategy adapt itself incrementally? Perhaps because we're all overwhelmed by all these 'globo-scenarios'.

So, in spite of all the promises of human connectedness and stability, globalisation appears to have made us less rather than more secure.

Second, **asymmetric warfare**; the increased and increasing likelihood of violent asymmetric extremism. By asymmetry I mean the warfare of the weak but clever and determined, against the strong but complacent. Now, this is not a new idea. It's as old as warfare itself, but there does seem to be a lot more of it about today. Third, **deterrence**. Deterrence is a classically Western and liberal approach to the use of armed force, in that you achieve what you need without using force but by threatening credibly to do so. In fact, of course, it's scarcely a Western liberal idea at all. About two and a half thousand years ago Sun Tzu argued that 'to win 100 victories in 100 battles is not the acme of skill. To subdue the enemy without fighting is the acme of skill.' But today we are faced with the difficulty—if not the impossibility—of knowing who to deter (who is the 'enemy'?), where they are, what they want and how best to 'subdue' them. Deterrence is essentially a process of negotiation and bargaining. But if you can't answer these questions then it's not clear how the process can begin. What do the terms 'deterrence by denial' and 'deterrence by punishment'—good

terms from Cold War deterrence thinking—what do these terms actually mean in the context of the fight against Al Qaeda?

Finally, **victory**. How do we know when we've 'won'? What is the definition of 'victory'? What is the 'exit strategy' for Iraq and Afghanistan? When is the right moment for the military to hand things back to politics and return to their barracks?

The serious point in all of this is that globalisation appears to undermine itself. Global awareness and global communications make it possible, paradoxically, to challenge notions of a rationally organised global humanity and connectedness, either with manifest stupidity on the one hand—the House of Yahweh—or with aggressive, violent sectarianism and parochialism on the other. Yet, globalisation seems to have removed most or many of established strategic tools and so far not to have replaced them. So, in spite of all the promises of human connectedness and stability, globalisation appears to have made us less rather than more secure.

Globalisation and strategy

What can we do in policy and practical terms? What should be our strategy for security? One component of strategy, I think, must be not to overreact. I mean this in two ways. The first is to do everything that can be done through the media and through civil society and open debate to dispel the impression that the world out there has gone bad and is coming to get us. Second, at the political level, not to react in such a way that the global confrontation becomes a self-fulfilling prophecy. Mike Scheuer, the former CIA officer who wrote as 'Anonymous' the book *Imperial Hubris: Why the West is Losing the War on Terror*, advocated nothing short of a war to the death fought with 'fury and bloodthirstiness, with relentless, brutal and, yes, blood soaked offensive military actions until we have annihilated the Muslims who threaten us'. This is in print. He cites the 144th Psalm: 'Cast forth lightning and scatter them. Shoot out thine arrows and destroy them'. He insists, 'We must kill many thousands of these fighters in what is a barely started war that will be unimaginably costly to each side'. He predicts, 'The piles of dead will include as many civilians as combatants because our enemies wear no uniform'. I'm not sure whether this really would be the most helpful strategy. But I'm certain that strategy, our strategy, must reflect our Western liberal culture rather than tip it on its head.

This leads to my second concern, that our strategy shouldn't be only externally but also internally consistent with our culture and values. What I mean here of course is the debate which the Prime Minister referred to earlier between civil liberties and security. We of course need to meet the requirements of security, but we also need to meet them in such a way that we do not compromise our society, and in effect achieve our adversary's goal for him. At the moment, for example, there's some controversy in the US over whether Al-Jazeera International should be carried on national airways. Well, is this a reasonable attempt to exclude enemy propaganda, or it is a neurotic overreaction which damages our own civil society and, in large part, does the terrorist's job for him? In Colorado, counter-terrorist officials have launched a website to let ordinary people electronically report 'suspicious activity'. At the University of Arizona researchers have developed a project known as Dark Web using 'spidering' to crawl through the internet and chat rooms and protected websites, 'where some of today's terrorist plots are hatched'. They're developing a mathematical algorithm to track what they call the 'infectiousness' of violent ideas. The US Department of Homeland and Security finally is developing a major intelligence program using data mining

and analysis to track terrorist threats in the US. Intelligence and information fusion, 'I2F', for collecting, tagging, classifying and organising data to gather and analyse information about potential terrorists.

Now, I'm not rubbishing all of this in any sense. The questions raised by these issues are familiar enough in Australia, in Europe and in the United States. In open and highly technology societies, in other words, which suddenly find their openness being used against them, there's a risk of reacting in such a way that security is achieved but only at the expense of the very freedoms and openness we value so highly. Is this sensible public resilience or an assault on civil liberties, turning liberal society into something like East Germany under the Stasi, making everybody afraid of everybody else? How do we balance security and civil liberties? I don't have an easy answer to that question, but I do feel that the moment we stop asking that question and trying honestly to find decent answers to it then we could be in even bigger trouble than we ever imagined.

This leads me to a comment on the robustness of Western societies. Western societies actually look rather strong. They have large and thriving university establishments, they have many leading international companies which happily integrate wherever they find themselves around the world. There's even now a new Coca-Cola factory in Kabul—thank heavens. They have charitable organisations and they have wealth. But some would say that they are nevertheless undergoing such a crisis of confidence that they are willing to concede the moral, political and strategic initiative to others. Writing in the latest edition of the *Times Higher Education Supplement* my colleague, Bill Durodié, has argued that 'in trying to protect our societies from the presumed threat posed by a global terrorist conspiracy bent on acquiring and deploying weapons of mass destruction, it seems that increasingly it is we lacking in any clear direction who are at war with ourselves and our values'.

If what I've just said could be termed 'cultural strategy' or something similar, let me turn finally to more traditional strategic thinking. How should security policy and practice be shaped in response to the challenges of globalisation? First of all, **equipment and ideas**. Who, to be blunt, invented GPS and who controls most satellites? And indeed the internet? Well, by and large, **we** do. Alvin Toffler argues that the GPS is on the verge of enabling a new economic revolution in just in time productivity, in supply chains, in agriculture, etc. The tendency is for these technological revolutions to become part of the global commons, and for very good reason. If they are such an engine of trade and economic growth it's right and proper that they should be made available to all. But could it be time to think more seriously about whether more needs to be done to ensure that the global commons are not allowed to become a battlefield in which we are disadvantaged because we persist in seeing it not as a battlefield but as a marketplace? Audrey Cronin once again makes this point precisely: 'This connectivity can also provide a means to counter the use of these tools to mobilise for radical causes if the United States will consciously engage in a wide ranging counter-mobilisation. Overall connectivity is far higher in countries that represent more open democratic societies. This should be a tool that greatly advantages the United States, one that Western military organisations are adept at using themselves'. She finishes by saying, 'In its naïve enthusiasm for the information age the West has lost control of the narrative, failing to effectively monitor it or even to seriously consider its consequences'.

Second, I return to the idea of **asymmetry**, and I've got three problems with this. In the first place, there are still too many military people and strategic commentators who fail to understand that asymmetry is dynamic. No matter how much brain power you put

into finding out what the next asymmetric threat is and where it will come from, this will inevitably be a waste of time—the adversary understands the rewards of asymmetry much better than you do, and he will move on just as you arrive on the scene. Second, asymmetry, as I said earlier, is not new. All conflict has probably had an asymmetric dimension to it. Which good general has ever done anything else, other than use his wits and try to get around the problem? Well, why aren't we doing the same? Why are we using our intelligence, our ability, to outflank the adversary through our own asymmetries and thereby regaining the initiative? Finally there's the 'OODA loop'—observe, orient, decide and act. In a way, this is a graphical illustration of asymmetric conflict. But at the moment it's as if we are stunned by the realisation that our OODA loop, our decision-making cycle, is too big and too slow moving—certainly when compared to theirs, the bad guys. But we invented the thing! Surely we should know what to do to tighten it up.

Third, **what are armed forces for**? Arguably, globalisation has muddied the politico-military relationship so much and bombarded it with so much information that we've lost a clear sense of what the military is for and when to use it. In his book, *Utility of Force*, General Sir Rupert Smith has argued that 'only by knowing what you want can you frame the questions to ask of the analysts and intelligence services, and only by knowing what you want in terms of the political outcome can you decide what it is you want the military to achieve'. If we can't answer this (Clausewitzian) question about the use of armed force then isn't it inevitable that our armed forces will be incorrectly configured, equipped and trained? What will the troops actually do, and why, and when will it be possible for them to leave? Once again, let me quote Rupert Smith, who I think has got it right:

> It is no longer practical for the politicians and diplomats to expect the military to solve the problem by force, nor is it practical for the military to plan and execute a purely military campaign, or in many cases take tactical action without placing it within the political context with both politicians and the military adjusting context and plan accordingly throughout the mission as the situation evolves.

This suggests to me that we need to think more carefully and systematically about the use of force, and we need to ensure that it is governed by a responsive and relevant political framework. In other words, we need to know what the politics and the political objectives are in the first place. We're all familiar, I'm sure, with the term 'legacy systems' when we're criticising defence procurement activities. But perhaps the biggest and the most debilitating legacy of the Cold War is the failure to realise that the political rationale for the use of armed force has to be kept robust and dynamic. During the Cold War the political rationale was so obvious and so compelling that I think we became rather complacent, and we have as a result lost the sense that if politics cannot drive the military clearly and purposefully then perhaps the military should not be driven.

This leads to my **fourth point**, which is that the military can no longer be considered, if they ever were, to be somehow set apart from the rest of life. Globalisation offers complex threats which require a complex response. Winston Churchill had this right, I think, when he described what we would probably now call the 'manoeuvrist' or in the UK 'the comprehensive approach'. Churchill said, 'There are many kinds of manoeuvre in war … some only of which take place on [or near] the battlefield. There are manoeuvres to the flank or rear. There are manoeuvres in time, in diplomacy, in mechanics, in psychology; all of which are removed from the battlefield, but react often decisively upon it, and the object of all is to find easier ways, other than sheer slaughter, of achieving the main purpose'. So the pursuit

of security in the era of globalisation must involve diplomacy, trade, the media, argument, economics, development aid, cultural tolerance, law enforcement and military operations, and probably all of these things at the same time.

My **fifth point** is that 'globalised threats require a multi-region response', quoting J Poulter from a recent issue of the Journal of the Royal United Services Institute. Bilateral security partnerships are essential. Now, some of them will take us by surprise, such as Libya's ostensible return to rationality and the US invitation to Syria to become an ally in international counter-terrorism following the recent disruption of terrorist attacks on the US Embassy in Damascus. Others will be familiar but no less important. In the UK we've all become rather bored of discussing the so-called special relationship with the United States and it's with some relief that special strategic relationships are being re-established, or established—I'm not sure which—with Australia. There have always been very good connections between the armed forces of our two countries but in the last few years that relationship has been tested operationally from the deployment of a small contingent of Gurkhas to East Timor to assist the Australian-led operation there, to more recent collaboration in Iraq and Afghanistan.

Defence and security alliances are also going global. NATO is creating a framework for security cooperation far beyond the Euro-Atlantic area. A 'global partnership' which would involve fragile democracies such as Iraq and Afghanistan, but also involve like-minded nations such as Japan, New Zealand, South Korea and Australia, with whom NATO's Secretary General signed a security agreement in March of last year. NATO's initiative is intended to cut across geographical boundaries and to facilitate military operations and civil emergency planning. I'm also intrigued finally by what seems to be an increasing conversation among or between the world's security and defence organisations. NATO, the European Union, the Organisation for Security and Cooperation in Europe, the ASEAN Regional Forum, the African Union—increasingly these are talking to each other.

My **sixth and final point concerns when to act**? In matters of warfare and conflict the default setting for Western liberal societies is not to initiate armed conflict but to respond to it in a last-resort and defensive manner. This is a powerful reminder of centuries of thinking within the just war tradition. We don't respond until we've been poked in the eye, because until that happens we can't be sure that the use of force would be proportionate. But it's also of course rather a contested idea at the moment, hence all the discussion about prevention versus pre-emption and hence the intensity of the debate surrounding the rights and wrongs of intervening militarily in Afghanistan and Iraq. Can we adapt the just war tradition for the era of globalisation in such a way that we defeat the possibly very serious threat of a non-state actor choosing to deliver, say, aerosolised anthrax in Canberra, yet without going over the top?

The first step I think is to convince ourselves that just because we're the West, doesn't mean we are axiomatically at fault or to blame for the ills of the world. Actually, the West isn't—dare I say it?—such a bad idea. If we can accept that then it might make it easier to live with more risk than at present we appear willing to do. If we can live with more risk we might be less brittle and embattled and less inclined to feel all at war with everything and everybody. We might be better equipped, in other words, to resist the grotesquely exaggerated arguments offered by Scheuer and others. Perhaps then we'll be in a better position to deal with, and even to pre-empt, the security challenges stemming from globalisation for what they are. We would approach the use of force in a just war manner, cautiously and hesitantly

but nevertheless willing to use force if all else fails. We must, it goes without saying, use force with discrimination and proportion, otherwise, once again, we are ourselves shooting the Western liberal project in both feet.

Conclusion

In conclusion, globalisation presents some very real dangers to our security, from international insurgency and terrorist organisations making use of communications and infrastructure to attack with possibly very devastating weapons. But globalisation also exaggerates the problem somewhat. It has given rise to a sense of vulnerability and instability, and I think we have bought into this too easily. We've been too willing to lose control of the narrative of national and international security. We believe our own fears too much. There are threats but I'm not sure how fundamentally threatened we really are. I'm also not sure whether we haven't transformed Cold War style thinking and expectations into the new circumstances and come to the conclusion that things must be as bad if not worse than they were for the latter part of the 20th century. As I keep saying, the threat from Al Qaeda style terrorism is not to be discounted, but perhaps it's not all it's cracked up to be either.

I've argued at some length that we have still to provide a comprehensive framework of political understanding with which to guide and contain our use of armed force in response to the challenges of globalisation. Until we do that, I feel that strategy is curiously one-sided. We have very sophisticated threat and risk and hazard analysis, but we meet it with rather underdeveloped responses. In the end, the globalisation of security cannot be just about threats, fears, dangers. For the West in particular, as leading proponents of globalisation, and actually as the owners of much of its core infrastructure, the globalisation of security is also about opportunity. If we can't make better use of the opportunities we've created then in a way we deserve to have lost the initiative and the narrative.

ISLAM, THE MODERN WORLD AND THE WEST

Samina Yasmeen

The question of Islam's relationship with the West and its place in a modern world has been attracting a lot of attention since the terrorist attacks on the United States on 11 September 2001. The subsequent bombings in Bali (2002), Madrid (2004), and London (2005) have further sharpened this focus on Islam and its relationship to the international society in the new millennium. Questions are being asked at different levels, ranging from the political leadership in western liberal societies to ordinary citizens if Islam is compatible with dominant values held dear in western liberal democracies? Opinions are offered about the record of human rights in Muslim societies and their inability to subscribe to the emerging international human rights regimes in the world. Islamic doctrines are conflated with prevalent Muslim doctrinairism(s) to suggest that the religion and the totality of its followers have not acquired the necessary attributes to operate effectively in today's world. The sub-text, which sometimes remains less than a sub-text, is that Islam and the demands and processes of the modern world are incompatible. Islam's relationship with the West as the harbinger of modern values, therefore, is conceived of and portrayed in essentially antagonistic terms. Such negative portrayals, it is essential to point out, are not the sole domain of western discourse. Often Muslims living in Muslim states or liberal democracies also posit such ideas. Effectively, two distinct categories of civilisations are created, accepted and sustained by such references to the duality between the West and the Muslim world.

Such views raise a number of questions. How valid is the assumed dichotomous conception of Islam and the West? Are Muslims engaging with the West, and if yes how? Are Muslims essentially non-participants in the agenda of a modern world, or do they exhibit signs of experiencing and enjoying, if not creating, the fruits of modernity? What is the relevance of the relationship(s) between Islam, the West and modernity for Muslim immigrants to western liberal democracies? To what extent does this debate need to impact upon the manner in which leaders in western societies, particularly Australia, approach the 'Muslim issue' in the post-11 September world? I would make an attempt to address these questions and suggest areas which need attention to shift the dynamics underlying the prevalent discourse on Islam and Muslims in Australia.

Identities and processes: fixed or constantly changing?

The debates on identities and their impact on how we live our lives are not new. But they have acquired additional significance since the Gulf War of 1991 when Islam and the West were erroneously presented as two contesting parties. Since then, against a lot of literature that deal with multiplicity of identities, a trend has emerged that denies or ignores that identities are not fixed in time and space. The discussion on the relationship between Islam and the West is dominated by this trend: Muslims are perceived as being fixed in their ideas, their identities and their approach to life. The West, while assumed to be modern and progressive with an attendant attribute of constant progress, is also conceived of in fixed terms. Its preference for secularism, separation of the church and state, and its adherence to certain values and ways of expressing those values is divested of an element of evolution. To put it differently, both Islam (or its followers, Muslims) and the West are presented and perceived as being fixed in their nature and expression of that nature (whatever it may be).

Such portrayals of Muslim and western identities ignores the fact that individuals and collectivities are in a constant process of evolution. We, as individuals, constantly change in response to external and internal stimuli. Communities also exhibit similar tendencies: as the surrounding environments shift, or as intra-communal debates occur, groups of individuals reassess what *they are* and how they exist in relation to *others*. This reassessment shapes their options and preferences for behaviour vis-à-vis others on a constant basis. One example would be the Australian view of Japan during the Second World War and how it shaped their approach to the Japanese communities in the immediate aftermath of the war. Over a period of time, the changed sense of Australian identity vis-à-vis Japanese identity set in motion processes that changed the nature of their relationship.

The assumption of fixed nature of identities also ignores the reality of multiplicity of identities among individuals and communities.

The assumption of fixed nature of identities also ignores the reality of multiplicity of identities among individuals and communities. It also shies away from acknowledging that, given that identity exists in relationship to others and that perceptions play a role on construction of the self and the other, it is quite possible that *our view of the other* may not be in line with *the reality of the other*. To give you a personal example, I came to Australia as a student in 1979. Dressed up in Pakistani outfits, I was constantly identified as 'the one from Pakistan'. For some my dress code even denoted my extreme conservatism. This was at odds with my own view of myself as a progressive woman who had been brought up by an even more progressive mother. Having lived in Australia for the last 26 years, now I find myself in the position where I am sometimes identified as 'a westernised woman' during my trips to Pakistan. This is despite the fact that I feel myself to be as much a part of the Pakistani society as others who have lived in the country for most of their lives. It is also despite the fact that I assume that I am behaving like other Pakistanis while in Pakistan. Within the Australian context, I see, feel and act as an Australian, but sometimes find my actions being explained in terms of 'my culture'. The assumption is that I am *not* an Australian. The picture is made more complicated by the fact that me, as Samina Yasmeen, is constantly changing while living different facets of my life. I am a daughter, a wife, an academic, a Muslim, a friend and so on. Any attempt to assume that I could be understood within the context of a fixed definition of who Samina Yasmeen is would be unrealistic. The same complexity applies to identities of other individuals and communities as well. The West is not monolithic in nature, nor is the Muslim community. Also, neither the West nor the Muslim community is immune from constantly changing from within and in response to shifts in the surrounding environments. To assume otherwise, in my opinion, is to negate the reality of human existence and experience.

This brings me to the next point: the relationship of individuals and communities to processes such as modernity. In my view, the relationship between constantly changing multidimensional identities and processes is not fixed either. This state is not limited only to a discussion regarding modernity. Instead, all other processes—be it backwardness, conservatism, emotionalism or spiritualism—also exist in a relationship of perpetual

change/evolution vis-à-vis individuals and communities. We all change our relationship to the way life, ideas and our surroundings as life changes. We respond to processes irrespective of whether we like them or not. There is no guarantee that our responses are always positive in nature. But there is a guarantee that individuals and collectivities engage with change on a constant basis. Such engagement is *not* uniform in nature with different sections within a community responding to the same process differently. It also may not be the same across time and space: we may respond to certain changes in one way while a very similar process at another stage may not evoke any response. Such fluidity inherent in human/community responses to processes, in my view, can be elucidated with reference to the outpouring of grief at Princess Diana's death. The manner in which grief stricken people expressed their feelings at the death indicated that certain events and processes cause them to behave differently than what even they themselves consider to be the norm. Essentially, I want to emphasise that any assumption that Islam and West are fixed identities or that Muslim relationship to the process of modernity is fixed is inherently flawed. It ignores the reality of human experiences and expression of these experiences.

The question therefore arises as to how has Muslims' interaction with modernity evolved over time? The answer to this question would vary depending upon the definition of modernity. For the purpose of this paper, I would focus on Muslims' willingness to embrace new ideas and technology as a means of investigating the relationship between Muslims and modernity. In the realm of ideas, Muslims have exhibited a willingness to explore and embrace new ideas since the early days of their religious experiences. The tendency did not disappear during the era of colonisation. On the contrary, a number of Muslim scholars led the movements which encouraged a process of learning from the West. In British India, Sir Sayyid Ahmed Khan, Allama Iqbal and Abul Kalam Azad stand out in this context. Despite having been relegated to the position of subjects in the area earlier ruled by the Mughal dynasty, these thinkers and philosophers exhibited an openness to the ideas introduced by the West. They combined their notions of Islamic ideas with western ideas, and prescribed approaches to pull Muslims of British India out of an intellectual malaise. A similar process occurred in Iran where intellectuals borrowed ideas from both Russian and French intellectuals.

The willingness to learn from the West—as an indication of positively engaging with modernity—has also been apparent in Muslim approach to the issue of Islamic state. Drawing upon the ideas prevalent in the West, a number of Muslim scholars have presented ideas that come close to the notion of separating religious orders (church) from the state. They have constantly argued that while *divine will* is an important source for shaping the structures of relevant polities, the construction of an Islamic state can also draw upon *human will*. In the past it has led to some advocating the idea of Islamic socialism. More recently, such preferences have found expression in the writings of thinkers like Abdolkarim Soroush, and Abduh an'Naim. Of these, Soroush combines his knowledge of religious doctrines with western philosophy to promote 'the basic values of reason, liberty, freedom' to the status of 'primary values'. He argues that 'those who shun freedom as the enemy of truth and as a possible breeding ground for wrong ideas do not realise that freedom is itself a "truth".'[1] In a similar vein, An'Naim argues that:

> 'the state must not be allowed to claim the authority of Islam. It is true that the state has its proper functions ... which may include adjudication among competing claims of religious and secular institutions, but that should be seen as the state performing secular functions of a political institution, without it claiming religious authority as such. It is also

> true that the religious beliefs of Muslims, whether as officials of the state or as private citizens, always influence their actions and political behavior. But these are *good reasons for keeping a clear distinction between Islam and the state*, as well as between the state and politics.[2]

Islam's engagement with modernity is also evident in the speed with which technological innovations are accepted and promoted in a number of Muslim states. The spread of internet technology in these countries is one indication of this rapid acceptance. While reluctant to allow 'immoral ideas' being spread through the internet, a number of Muslim states have been at the forefront of accepting the technology. Their citizens easily and effortlessly use the web to communicate ideas as well as project their ideas into the cyberspace. Satellite television networks are another example of this acceptance of technology. The rapid proliferation of mobile telephone technology, in my opinion, presents one of the most easily discernible indicator of how modernity is embraced by a large number of Muslims. Countries like United Arab Emirates stand out as the major user of mobile phones. So widespread is the use of these telephones that Etisalat is giving its customers the option of receiving calls to prayer on their mobiles.[3] Malaysia has already been delving into the question if Islamic divorce can be communicated through SMS.[4]

But the usage of mobile telephones is not restricted to the upper echelons of these societies. I often remember the dialogue with Ali, the driver, who works at my parents place in Pakistan. He is totally illiterate and his family lives up in the mountains. He has got five or six kids and is constantly in the process of increasing their number. We have been asking him to control this population growth for the sake of improving the quality of his life. He does not necessarily listen to us. But he insisted that he wanted a mobile telephone. During one of my visits to Pakistan, I gave him one. Next time he appeared not to have the mobile. 'Do you think you could get me another mobile?', has asked me. 'What happened to the one I gave you last time?', I inquired. 'Oh, my mother is sick so I had to leave it with her so that I could find out what was happening to her'. 'That's okay, then you don't need a mobile', I suggested. He looked at me and said: 'Please elder sister, I feel really incomplete without a mobile'. The fact that an illiterate man who is incapable of properly counting numbers feels incomplete without a mobile phone in Pakistan, to me, is the most vivid example of the acceptability of products of modernity by Muslims.

To say this is not to ignore that the relationship between Islam and modernity is not always positive. There are those who have shunned modernity as indications of the evils introduced by the West. Others have questioned secular ideas on the grounds that they are not in accord with basic teachings of Islam. Added to this is the current tendency among the majority of Muslims to benefit from the 'fruits of modernity' but not necessarily contribute to scientific and technological innovations. Such attitudes are manifest among others, in the field of engineering where the reluctance to take bold decisions and explore technological innovations often ends up costing more for the facilities the western world takes for granted. The supply of drinking water, for instance, costs more per head in countries like Pakistan than Australia despite the assumed availability of cheap labour in the developing world.[5]

Islam and the West: positivity and negativity

The condition of a predominantly positive relationship between Muslims and modernity is also replicated with respect to their relationship with the West—the harbinger and icon of modernity. Despite the current focus on the inherent conflict between Islam and the

West, the reality remains one of Muslims actively engaging with the western world. This engagement takes place at both state and sub-state levels. A number of Muslim states, for example, have established and maintained close relations with western states over a long period of time. During the Cold War era, it was reflected in these states participating in the US-led alliance system. Even in the current focus on the War on Terror, Muslim countries including Jordan, Egypt, Pakistan and Indonesia have cooperated across a range of activities aimed at curbing Muslim militants. The relationship, it is essential to emphasise, is not one of uni-directional dependence: Saudi Arabian oil supplies play an important role in sustaining the economic development of countries from the West.

At the sub-state level, an active engagement has taken place across time between people in the Muslim world and the West. Iranian intellectuals, for instance, were heavily influenced by French political and philosophical ideas at the turn of the 20th century. Allama Iqbal, the philosopher-poet who conceived the idea of a separate state for Muslims in South Asia, drew upon Nitzsche's ideas in developing his concept of Khudi (the self).[6] Later, Pakistani poet, Faiz Ahmed Faiz, combined Marxist ideas with his knowledge of oriental philosophy to argue against political oppression in Pakistan. Once again, bringing in the personal element, I want to mention that I was lucky that the friendship between my dear mother, Begum Sarfraz Iqbal and (uncle) Faiz enabled me to learn about the variety of ideas in the West. My teachers at the University added to it and taught me more about western ideas than is probably understood to be the case for a number of Muslims around the world. To some extent this connection can explain the willingness of a number of Muslims to emigrate to western societies, particularly since the end of the Second World War. These realities prompt me to argue that the assumption of Islam and West being two separate identities fails to take into account the multitude of positive relationships that have existed at political, intellectual, and cultural levels.

This is not to deny that the relationship between Muslims and the West also carries elements of negativity. But can this negativity be presented as a conflict between Islam and the West? My problem with such characterisations is partly related to the realisation that a distinction exists between Islam (the religion) and Muslims (its followers). While a negative relationship may exist among some Muslims and their view of the West, it cannot and must not be identified as a conflict between a religion and a civilisational trend. However, given that such distinctions are often overlooked, I would couch the remaining discussion in terms of Islam and the West in the hope that the underlying assumption is not lost to the readers, i.e. we need to focus on *Muslim experiences and not Islam* in understanding the current trends of negativity.

A large majority of Muslim states has experienced colonisation by western empires. Having been in the position of rulers, the colonised Muslims were relegated to positions of subservience. Coupled with the assumption of attitudes of superiority, these experiences instilled a sense of anger and anguish among a number of Muslims who came to view the world in dichotomous terms. The end of colonisation did not erase this sense of difference. Instead, the democratic deficit suffered by most of these states compounded the sense of anger. The close relationships between the authoritarian regimes in the decolonised Muslim states was interpreted as an indication of the West perpetuating its rule of Muslim countries by collaborating with corrupt and inept Muslim rulers. To put it differently, the dissatisfaction with the policies pursued by the local regimes was transferred to the icons of western civilisation in an attempt to explain the absence of improved conditions in a post-colonial state.

The identification of the West, and its icons (especially the United States), has been facilitated by the 'knowledge deficit' existing among Muslim states.[7] After being the leaders and active contributors to knowledge in a variety of disciplines, Muslims have gradually shifted into the space of limited knowledge and understanding. The commitment to *first order learning*, which could have instilled knowledge of inter-subjectivity has been sacrificed in favour of *second order learning* with a focus on simple cognition without critical thinking.[8] Students are taught to repeat and memorise ideas without encouraging them to link these ideas to the context in which they are living. This loss of critical thinking—which was the hallmark of early Muslim history—is not restricted to religious educational institutions. While madrassahs and pesantrans are identified as contributing to fixed interpretation of religious doctrines, the reality remains that other educational institutions in a large majority of Muslim states suffer from a similar tendency to opt for simple and categorical answers to questions in life. This, in turn, has implications for Muslim views and responses to global and local developments. When faced with a need to understand and explain the myriad of economic, political and social problems, they tend to place the blame on the relations between the regimes in their respective states and the West. The 'West' assumes the responsibility of the problems being faced by Muslims around the world.

Such reading of the global and local situations, it is important to emphasise, can be found even among some Muslims educated in and living with western liberal traditions. However, its existence among the orthodox end of the spectrum opens up the space for militancy among some Muslims. These groups combine their specific readings of Quranic injunctions and Prophetic traditions to argue in favour of Jihad against the enemies of Islam. So strong is this emphasis that they elevate Jihad to the status of a sixth pillar of Islam. Importantly, Jihad is presented as the essential and legitimate response to the exploitation of Islam by the West. The list of targets does not remain limited to the West though. It includes 'corrupt Muslim regimes' who are viewed as having exited the fold of Islam in their servitude to the West. Emerging against the background of international developments (for example, in Palestinian Afghanistan, and Iraq), these understandings contribute to acts of violence and militancy. The terrorist attacks on the United States in 2001 and the subsequent bombings in Indonesia, Spain, Egypt, Jordan, United Kingdom and India are manifestations of such uncritical understandings.

The negative understandings about the West, it is equally important to highlight, are not restricted to men either. As some Muslims shift into the militant space, women in their families have also emerged as supporters of Jihad. Not only do they condone the militant activities as an obligation of a good Muslim, but they also transmit these ideas to the younger generation. The process of indoctrination with a focus on negative portrayal of the West and the need for Jihad, therefore, continues with implications that could extend into the future.

But the question arises if the causes of an antagonistic relationship between Islam and the West solely exist within the Muslim domain? Or do conditions exist in the West which also contribute to the increasing negativity? The search for an answer, I wish to point out, is not motivated by a need to continue the process of 'blaming the other'. Instead, it is guided by a need to identify the factors that need attention if those in the West wish to reduce the incidence of negativity among Muslims across the world. With this qualification, I wish to draw some parallels between Muslim and western societies in terms of their acquisition of knowledge about the other.

Just as the Muslim world tends to approach the existence of the West uncritically, the West also demonstrates an uncritical approach to understanding the reality of the Muslim world. At the heart of this lack of understanding, in my view, is a tendency in the West of assuming that its democratic credentials provide it with a certificate for moral and political superiority over the Muslim world. Critical thinking and the separation of state and church are viewed as credentials for not delving into the realm of subjectivity, religion and beliefs. But interestingly, this critical thinking does not extend to re-visiting, deconstructing and objectively analysing the sources of information and the underlying assumptions about the Muslim world. This is not to undervalue the excellent scholarly work done by authors like John Esposito, Karen Armstrong and James Piscatori. Rather it is to highlight the fact that the dominant trend among western analysts is one of instant expertism on Islam in the era of the War on Terror. These instant experts develop ideas about the Muslim identity and views that do not always do justice to the multiplicity of views about Islam and interpretations of religious injunctions among Muslims across the world. The tendency to uncritically use the information available about Islam on the internet and through the satellite television networks, as well as translated versions of Quran to find *authentic* answers to the Muslim view contributes to the problem. Unfortunately, policy makers and political leaders do not always question the authenticity of such information. Uncritically accepting of the portrayal of Islam and Muslims as the 'other' they further reinforce the process of negativity. Media plays an active role in the process by often highlighting the negativity while ignoring the positive examples to be found among Muslims. The ordinary citizens with relatively little knowledge of Muslims or Islam accept these ideas and tend to believe in them against the background of their knowledge of the historical accounts of western encounters with Islam.

To put it simply, the knowledge deficit present in the Muslim world is also creeping into western societies in terms of its understanding of Islam and Muslims. Despite its professed commitment to objectivity and critical thinking, we are witnessing a tendency to judge Islam and Muslims uncritically in the West. In a globalised world, such understandings and the attendant policies contribute to perpetuating the myth and reality of conflict between Muslims and the western world.

This requires a willingness to learn about the diversity in Islam and different approaches adopted by Muslims to understanding religious injunctions.

West's responsibility in an age of negativity

I strongly feel that it is time that, while working to counter factors which contribute to militancy, those in the West also seriously attend to the role played by *their* own images of Islam in contributing to negativity. This requires a willingness to learn about the diversity in Islam and different approaches adopted by Muslims to understanding religious injunctions. Without such an understanding, the West will continue to view the Muslim reality and experiences through coloured glasses. Equally importantly, western societies need to accept that their preference for relegating religion to private domain is not shared by all Muslims. Instead, the majority of Muslims around the world continue to identify

certain areas as part of the sacred spaces which must not be violated. The place accorded to Quranic authenticity and Prophet Mohammad is an essential part of this sacred space. Instead of violating the sacred spaces in the name of freedom of speech, the cause of building harmonious relationships would be served by respecting these spaces. The need for such a respect, in my opinion, has been validated after the cartoon controversy and the unfortunate events following the Pope's selection of references to Prophet Mohammad. This is not an argument for only identifying the responsibilities of the West. I think Muslims have an equal responsibility to make sure that they do not violate the spaces considered sacred by non-Muslims. But given that currently the West enjoys a position of relative superiority at the global level, it has a responsibility to be more magnanimous in its dealings with the Muslim world.

Does the need for understanding extend to the Muslim immigrants in western societies? Given that nearly one-third of the Muslim population in today's world lives outside Muslim majority areas, answer to this question cannot but be in affirmative. Muslims minorities in the West need to shun the tendency to approach issues uncritically and be willing to critically examine *their* understandings of religious injunctions. They cannot isolate themselves from the emerging trend towards exploration of the relationship between text and context by a number of renowned Muslim scholars (both males and females) in Muslim majority states.

I would argue that it is the responsibility of leadership in western liberal democracies to avoid taking the easy road.

At the same time, however, leaders in western societies also need to rethink their approach to Muslim minorities. As a Muslim woman who has made Australia her home, I feel very strongly that our leadership needs to lead and not engage in uncritical thinking in issues related to Muslims and Islam. There have been some recent examples of such uncritical thinking on part of our leaders. While talking to the Australian Christian Lobby National Conference on 23 September 2006, Australian Treasurer, Hon. Peter Costello identified 'the Judeo-Christian tradition' as informing the basis of Australia's secular political structure. One may argue that there is no problem with our leaders reminding people from different religious communities of their right to organise themselves and benefit from the democratic system that they live in. But the problem emerges when leaders use a language that identifies certain traditions as being pre-eminent in Australian system, while excluding others. The problem is compounded when those being excluded are clearly identifiable—in this case the Muslims in Australia. Coupled with his uncritical understanding of the relationship between Islam and secularism in Turkey merely indicates a problem which can contribute to a sense of alienation among Muslim minorities living in Australia.[9]

I would argue that it is the responsibility of leadership in western liberal democracies to avoid taking the easy road. Instead of opting for uncritical understandings and references to Islam and Muslims, they need to demonstrate better understanding of the views and experiences of Muslims within their own societies. The trend has to be coupled with a change in the Muslim world, but the West, with its pre-eminence and commitment to equality and social justice can definitely not shy away from this responsibility.

Endnotes

1 Cited in Mahmoud Sadri and Ahmad Sadri, Reason, *Freedom and Democracy in Islam: Essential Writings of Abdolkarim Soroush*, (Oxford University Press, 2000), p. xiv.

2 Abdullahi Ahmed An-Na`im, Shari'a and the Enforcement Powers of the State,

3 BBC, *Muslims' mobile call to prayer*, http://news.bbc.co.uk/2/hi/middle_east/3085784.stm, accessed 22 October 2006.

4 BBC, Mobile divorce unacceptable, says Malaysia, http://news.bbc.co.uk/2/hi/asia-pacific/1435647.stm, accessed 22 October 2006.

5 I am indebted to my husband James Trevelyan for making me aware of such inefficient use of technology and knowledge in developing countries.

6 I am conscious of the fact that the translation does not fully capture the meaning of *Khudi* as espoused by Iqbal.

7 The ideas of knowledge and democratic deficit were presented in the Arab Human Development Report 2002.

8 I am indebted to Hosni Muadz for these ideas.

9 Hon. Peter Costello, Address to Australian Christian Lobby National Conference, National Press Club, Barton, 23 September 2006, http://www.treasurer.gov.au/tsr/content/speeches/2006/020.asp, accessed 24 September 2006.

ENERGY SECURITY: ISSUES FOR THE ASIA–PACIFIC

Ligia Noronha

Let me start by stating that we are at the moment at an energy crossroads because we have three very strong forces that have come together and create the need for a rethinking on energy. These three forces are economic, geopolitical, and environmental. The positioning of these forces requires us to examine whether energy developments are going the right way or whether we need to do some kind of rethinking and repositioning in order to be able to avoid conflict situations in the future. I've just come from a couple of conferences where there is this notion being discussed of Asia's 'hunger for resources', and hunger in this context is not always used in the sense of a need for resources, but really suggesting a perception of hungry rats coming in and messing up the global energy order which currently exists. You know, there is also, as Samina said, a subtext here which we need to engage with. Then there is the other issue that is causing concern: who are these hungry rats engaging with? Who are the friends they're making? What do their energy investment strategies imply to the West's concern with democratic values and human rights in producer countries, and are these strategies undermining Western policies and efforts to improve governance in these countries? I'd like to focus on these issues, quite apart from bringing up some more mundane issues that relate to energy.

New energy demand from India and China has shifted the focus of global attention to Asia and the Asia–Pacific.

New energy demand from India and China has shifted the focus of global attention to Asia and the Asia–Pacific. By the way, in the energy world, the Asia–Pacific region does not include the United States, so the data that I present for the region do not include the United States. If you consider these new demand centres of Asia, China and India, and of course the older ones of Japan, South Korea and Australia, you will find that these are ringed by energy supply centres which are very interesting. You have the Gulf and other West Asian states, Russia's Asian resources in the Sakhalin and Siberia, Myanmar, Bangladesh and, of course, Central Asia and the Caspian Sea. So all this is generating a new dynamic, a new dynamic that requires us to position ourselves in order to avail of the opportunities that this is creating.

With the opportunities are coming new ties and it is these emerging ties that are giving some quarters some headaches. But, as I said, we need to think more deeply about that issue. Then there is this whole issue of the environment and what our continued emphasis and dependence on the use of hydrocarbons is doing to the environment. There's also the emergence of natural gas as a mid-term fuel and the politics that goes with natural gas. So we are currently facing an extremely complex situation. Let me try and run you through some of the issues that this combination of forces is creating.

The key energy security issues, as we see them, are linked to energy and growth imperatives; the high oil prices; the rising resource nationalism; the emerging energy ties and implications that they create; risks related to energy infrastructure, both those arising from complexity of transmission networks and integrated systems, as well as the energy transit routes and the threats to these transit routes; the environmental concerns. I will talk through each of these. In this context, I pose the question: is there a possibility of cooperation? We're always talking the language of conflict, but is there a possibility of cooperation?

I'm very happy Professor Cornish started with a discussion on the need of thinking of security as more broad-based than just the traditional notions of security. This is particularly important in the energy sphere because you are looking at not just traditional notions of security in terms of the conflict that energy and growth can create, but also the whole energy and poverty issue, 'lifeline energy' which is very central to people in the Asia–Pacific. The Asia–Pacific includes both very rich and very poor countries, and countries which are growing very fast, and those, which are lagging behind. Within this wide spectrum of energy poor and energy rich countries, you have parts of society which are energy guzzling and there are others who don't even have access to electricity. Energy poverty involves what we call non-traditional risks. For example, environmental health impacts of having to have smoke in rooms from the incomplete burning of traditional fuels, the burden on women of collecting firewood, and lack of jobs because of the lack of electricity to create the jobs. In the case of energy and growth, risks relate to competition for access to energy, especially oil and gas resources and the possible traditional security conflicts that these could give rise to and, of course, carbon emissions related climate change. So we have in this notion of energy security therefore two types of risks—traditional risks and non-traditional security risks.

Energy demand growth in developing Asia is being led by the economic growth in India and China.

Just to go a little more into the regional characterisation. Asia–Pacific, as I just mentioned, has a mix of both types of energy security risks. But I'd like to, coming from India, focus more on developing Asia for a minute and look here at the fact that there is a relation between human development and energy use. Consider these three issues: human development index (HDI) versus energy consumption per capita; a high dependence on traditional biomass as fuel in poor countries; and low vehicle ownership in emerging economies. Most of developing Asia has a low human development index and a low per capita energy consumption. Australia, Canada and the United States have high HDI and high per capita energy use. So there obviously seems to be a connection between low per capital energy consumption and a low human development index. An analysis of the energy mix in the region reveals a high dependence on biomass, (30% in Asia as against 12% in the world) and this is traditional polluting biomass. Finally, vehicle and car ownership is worrying everyone the most. If every Chinese and Indian family decides to have as many cars as an American family does, we will have a huge problem on our hands. These figures are a bit dated, they relate to 1995, so you could add a few more to these but it will not change the argument much. As per these data, China has about three, India has our and the United States has

517 cars per thousand people. If you look at the motor vehicles, again we have a very low ownership per capita compared to the 700 of the United States. This is not to suggest that I'm arguing for all of us to use as many cars and possess as many motor vehicles as people in the United States. I'm just suggesting that this is the worry that is there at the back of people's minds when they say that as a result of growth and increasing incomes you might have a situation where there would be a greater need for oil to service the growing aspirations of middle class Indians and Chinese.

IEA projects—IEA being the International Energy Agency—that the future world demand—30 years on will be led by Asia; that the energy economy will still be centred on hydrocarbons; that oil demand in the region will double from the current 21 million barrels per day; that natural gas demand will triple; that coal demand will double and the oil import dependence from outside the region will increase to about 80% and gas imports to 65 from a current 25%. In OECD Asia, which includes Japan, Korea, New Zealand and Australia, energy demand has sort of levelled off and is stable. But in developing non-OECD Asia, demand is rising sharply. This is what is triggering the discussion on hunger for resources.

The other great worry is high oil prices.

Energy demand growth in developing Asia is being led by the economic growth in India and China. High growth rates are projected for these countries. Goldman Sachs speaks of five and 6 % per annum; the Planning Commission of India speaks of eight to ten; the Chinese Government also speaks of nine to ten. Of course, it's difficult to believe that these would be sustained over the next 30 years because growth tends to level off once you achieve a certain stage. And then there's also the question of population. We have huge populations. India's population is still growing. Chinese population growth is expected to decline by 2030. The Indian population is expected up to be about 1.5 billion in 2030. So, given the low per capita energy consumption, the need for cars, the rising incomes as a result of growth, and the fact that the populations are going to increase, what does it imply for future energy demand ad supply? The 2002 projections from the World Energy Organisation suggest that, for India, coal over the next 30 years will increase twofold, gas fourfold, oil 2.3 times, hydro 3.6 and nuclear 5.8. In the case of China it's again twofold for coal, 2.4 for natural gas, 2.6 times for oil, hydro 2.5 and nuclear 10.5. So the projections are that the demands for energy in these countries are going to increase hugely.

The other great worry is high oil prices. The substantial growth in oil demand, I would suggest, is not the only reason for the oil price rises. It was responsible for the rise in prices in 2004 but then there were other reasons why oil prices have remained high since then, which include both political factors as well as the low supply capacity in the Middle East. Oil price movements are creating a lot of uncertainty in importing countries, especially in the case of India and China, because we do not know how long oil prices are going to remain high, how volatile the swings are going to be, what is it going to do to the ability of emerging economies to buy this oil. This creates a huge amount of insecurity on the economic side. There are political insecurities too, and I'll talk about them later. But from the economic side it's really to do with: can we afford to continue to buy oil at these prices? To a great extent

these two countries have been less affected by oil prices rises because of large foreign exchange balances. The same situation in the seventies created chaos in India, but this time around it's been much easier to cope with the high oil prices.

Where is the oil? Who produces it? Who consumes it? You have the Middle East with 63% of the oil reserves. In case of production: Middle East, 27%; North America, 18%. If you look at consumption you have Asia–Pacific at 29%; North America, 31%; others are 20% and Europe is 20% of total consumption. So we are very dependent on the Middle East. We are very dependent on also the Middle East for gas, although in the case of natural gas the geographic distribution is a little more equitable.

There's increasing talk about there being a greater resource nationalism ...

I will come back to the implications of that dependence, but I just want to touch on this idea of resource nationalism. There's increasing talk about there being a greater resource nationalism and the factors that suggest this are the policies of Latin American countries, whether that of Venezuela or Bolivia, the recent changes in Russian energy deals, the perception that Russia is using its energy resources as a strategic tool, and the search for equity oil by national oil companies of China and India. I'm not sure, however, if we are witnessing a greater resource nationalism than we've had in earlier periods. The late sixties and the early seventies were really the heyday of resource nationalism: the talk of national sovereignty over resources, the nationalising of oil companies, and the rise of OPEC. My view is that what you see today is just an increased or heightened consciousness of this because of the various forces that have come together and maybe because there's more noise out there on these issues.

Do we have enough resources to meet our needs? Our view is that there are enough hydrocarbon resources; they are not in short supply despite the talk of peak oil, despite the questions about Saudi Arabian oil. Oil will peak. All non-renewable resources peak at some point so the question whether Saudi Arabian oil is peaking is not really a valid question. The fact is that many of these countries, and Saudi Arabia included, have not been explored sufficiently. North America is the region that has been most explored. There is a lot of potential in West Asia, a lot of potential in a variety of countries, which are still not explored. One key issue, therefore, is not so much whether we have enough resources but whether the resources will be delivered to the market. That is where the real insecurity lies. Are we able to get those resources delivered to the market?

Why are we concerned about that? We are concerned for a variety of reasons. On the economic side it's because a lot of these resources are owned by national oil companies, and either they do not want or do not have the technology or do not have the funding which is required to actually go there and do the exploration that is required. Or you have a situation in which there are sanctions in some countries and then you cannot have international companies going in to actually explore and look for this oil. So it's this delivery to market that is really worrying. There are labour shortages in some places, there are strifes in other places, and in yet others, there is a shortage of drilling infrastructure. Therefore, I would strongly

urge you to move from just a worry about stocks and resources to more about thinking about delivery to market.

It is true that India's energy needs are increasing, that there is a growing reliance on oil imports, both in India as well as in China.

Let me turn now to India and China. As I said, we've been sort of accused of being hungry for resources and going out there and aggressively seeking them. It is true that India's energy needs are increasing, that there is a growing reliance on oil imports, both in India as well as in China. China imports 51% of its oil right now, India over 70%, and projections are that by 2030, India will be importing 90% as compared to China, which will be importing about 70% of its needs. So where are we going to get this oil from? India and China do share very common energy security issues in terms of their needs. They have huge populations and huge needs, as we discussed. Now, if you look at the strategies, we find that they are similar. I've classified these here as domestic and external. In the domestic sphere you have an enhanced domestic oil and gas search, more focus on natural gas, coal, hydro, nuclear technologies. Both countries are beginning to engage with the issue of strategic petroleum reserves, are providing a greater attention to renewables and energy conservation and energy efficiency. On the external side the concern is with the strategic diversification of oil supply sources, the equity oil initiatives, diversification of energy imports to gas and coal, much greater pipeline diplomacy and energy collaborations and partnerships.

Where the countries defer is in the intensity with which China has been following its energy strategies as compared to India. In part this is because China is better organised, quicker off the mark, than India is. We sort of tend to catch up a little later. In part it's because of China's perception of space, of its space in the international context. I would suggest that China is far more worried about being contained, about not being able to get its energy supplies when it needs them, as compared to India, which does not worry as much. This difference in perception in geopolitical space also determines how intensively these two countries go out to look for its oil and gas.

Where the focus of attention is at any point in time will depend on how those countries perceive themselves at that point in time in terms of the international situation.

In the context of positioning in geopolitical space, there are models, which are being developed in the European Union, which look at energy securing strategies in terms of multilateral and bilateral strategies, in terms of state and market approaches. They use a kind of an axis—and this is from the Clingendael Institute—to sort of explain where countries are located in their energy strategies. I would suggest that if you look at the strategies of India

and China, they will be found to be operating in all four quadrants. There's a mix of both multilateral, bilateral, state as well as market approaches. Where the focus of attention is at any point in time will depend on how those countries perceive themselves at that point in time in terms of the international situation.

Coming back to the issue of dependence on West Asian crude, and I'm now stepping back from India and China to look at the broader Asia–Pacific. Asia–Pacific as a whole depends on over 80% of crude from West Asia. The United States is 20%; Europe is 27%; China is 40%; India is 68%, and these shares are rising. Therefore there is this concern about whether this is a wise thing to do, to be so dependent on West Asia, given the political instability, the resource uncertainty. I'd like to point out that this dependence is not new. It's always been there. OECD Asia has been dependent on West Asia for a large number of years. India too has been importing for years from this region. The new entrant is China. So import shares have always been high. What's increasing now are the volumes, and that is a factor that needs to be taken into account. So the potential concerns of this dependence are: delivery to market, as I mentioned earlier, sudden supply disruptions due to terrorist attacks or the political instability, and the choke points in the oil supply routes.

I have just come from the IMF/ World Bank meetings in Singapore where there was one session, which was dedicated to looking at oil and other ties with the Middle East, and what kinds of problems these create. Another recent meeting looked at the larger issues of what the energy ties of the emerging economies, of the 'hungry' countries, are doing to the idea of sanctions, the idea of supporting democratic processes and universal values in these countries. Let us revisit the so called new ties that are emerging: growing ties with West Asia—they're not new, but yes, they're growing; ties with Nigeria and Sudan; increased reengagement of Russia in Asia and emerging ties with Central Asia and the Caspian Sea.

Let me briefly touch upon the increasing ties with West Asia, and especially with Iran since Iran is always in the news these days. Both India and China have large ties with Iran. In the run-up to the nuclear deal with the United States this was a key issue that kept coming up in the debates. Should we be having, for example, the Iran gas pipeline that India has been flirting with? My Director-General has, in fact, been one of the prime motivators behind the Iran-Pakistan-India gas pipeline, for a variety of reasons, both economic as well as to increase the stakes of these countries in each other. The key question is: should we be engaging with Iran at all? There are a variety of engagements, and those engagements occur at three levels: there are energy investments, cross investments which are happening both upstream and downstream; there are trade ties which are occurring and they are increasing; and there are strategic partnerships being developed to work, say, in Afghanistan or in African countries. So the ties have always existed, but the ties are growing. Part of this reason is the belief in Asia,—especially in India—that we need to engage with countries in West Asia, not isolate them. We need to have persuasive rather than coercive voices. If we need change, we need to increase the stakes of these countries in our countries and our countries in them in order to also change the mindset of each other.

With regard to GCC—that's the Gulf Cooperation Council—ties with them have increased enormously post September 11. Trade ties have doubled and tripled. Again, we've has a long history of connections with the Gulf. India has been sending labour there for years; South Asia has been sending labour there. We've benefited enormously from the NRI remittances that have come from these countries, which have changed the face of states

like Kerala and Goa as a result of the non-resident remittances that have come from the Gulf. So we've been having this connection for a long period of time.

What is the issue of increased energy engagement with so-called problem states?

What is the issue of increased energy engagement with so-called problem states? As I've already mentioned, it's to do with undermining the policies of the West with regard to some of these problem states. Is there potential for greater conflict or greater cooperation between the West and the emerging economies as a result of this engagement? The way we perceive it, there is a calculus of competition between the US and China; a calculus of cooperation between US and India; a calculus of divergence and convergence of interests between India and China. The role of the EU is more indeterminate, supportive of the emerging economies, but somewhat anxious of the outcomes. As we see it, China's movement into some countries is really to take advantage of niche areas. You have a situation where a country is looking for energy resources, where energy resources to some great extent have been already locked up by other countries, and you have to find as a country in a very short space of time the resources that are required to safeguard its own economic interests. So where do you go? You go to those countries where the competition is less. You find niche areas.

There is a lot of argument being made that as a result of this you're actually undermining, say, the US policies in Sudan or US policies in Iran. The fact is that a large number of international companies—and this is also true in Europe—have, until recently, been doing business with these countries, and have done so for a long number of years and it's only now that these governance issues have come to the fore. So to expect India and China to sort of jump into this bandwagon and start engaging with this new debate is a little premature. It's not to suggest that India is not interested in these issues—we certainly are. But there is need for some time to first establish itself and also to be able to increase India's stakes in these countries.

If you look at India and China there is sometimes a divergence of interests and at other times, a convergence of interests. We've had talk of competition with regard to equity oil, and I'll come to that, but there have also been instances of cooperation. These are some of the examples where we've had competition with China over oil resources—in Angola, in Indonesia, over PetroKazaksthan—but I would suggest these are discreet events and too much should not be made of the potential for conflict from these events.

The other interesting question is the conflict in resource rich Africa. There are those who suggest that India and China are adding to the conflict situation by pumping in money and allowing the situation to get worse. I suggest that conflict in resource rich Africa needs to be understood in terms of layered conflicts. There are some wars that have been going on, keep getting repeated; there is often a mismanagement of oil resources which generates local unrest, and what we now have is a kind of a superimposition of the agendas of the emerging economies coming in, along with the US opposition to this entry, and that is adding a new layer of conflict that needs to be understood.

I'm already running out of time so I will skip the natural gas, but just to suggest that this is of interest to Australia. Whether natural gas is going to be the fuel of the 21st century really depends on how we address the issues of the needs of producer countries. Our argument has been that energy security is not just about consumers' needs for secure supplies. We have for too long been talking only of consumers and their security of supplies, but there's also a need for security of demand and there is, therefore, a need for dialogue between producers and consumers if the resources are to come to the market.

On a map of trade flows, it is mostly the LNG trade focused in Asia–Pacific and these are the pipeline routes which are mostly in North America and Europe. What is being hoped is that this trade will increase and therefore make gas more of an international traded commodity rather than just a focus on trade via pipelines. Pipelines are also very much being discussed today. The issue with pipelines is there's always a vulnerability involved because of the routes that they take.

A lot of oil is transported through the Straits of Malacca and the Strait of Hormuz and the greater the dependence on West Asia, the greater the dependence on these routes.

Oil supply routes and choke points, I think most of you are familiar with these issues. A lot of oil is transported through the Straits of Malacca and the Strait of Hormuz and the greater the dependence on West Asia, the greater the dependence on these routes. So if there is a threat or strike here there is the whole issue of non-access to the oil resources for that period in time. This is a major source of insecurity for countries to the east of West Asia. The other issue which the IEA and the ASEAN forum have been raising is the issue of piracy. Piracy has increased around the Straits of Malacca and that is another issue that is of concern.

Finally I consider oil, gas and coal resource distribution. The richest resource of Asia–Pacific is coal. Coal is the resource that is contributing most to carbon emissions and therefore the one that is most under pressure for change in a carbon constrained world. In the energy mix of India, China, Australia, not so much Japan, there's a high dependence on coal. So what do we do, given that energy related CO_2 emissions are rising and they will rise enormously? Both in India and China, coal will remain the centrepiece of our energy mix. The worry is that if you're only concerned with ourselves we run into the tragedy of the commons when everyone is then affected.

... energy securing strategies should not be seen in zero sum terms.

So what are my key messages? One: that energy securing strategies should not be seen in zero sum terms. The moment we do that we run into conflict situations. We need to find ways in which we look at how we can increase energy and therefore have a win/win situation. One way to do that is to reduce the vulnerabilities faced by both consumers as well

as producers in this. So we need to engage with producers, not isolate them. We need to reduce perceptions of containment to avoid pre-emptive action. We need more international dialogue on rule based security strategies. I'm not sure if Australia was part of this but there was a consumer–producer dialogue in January 2005 as well as in November 2005 in India, which brought together the producer and consumer countries of West Asia, Asia, as well as of Central Asia, on two different occasions, with the idea of really increasing the dialogue between these countries on vulnerabilities that each one faces. Finally, a plea that we also cooperate on renewable energy and energy efficiency measures. There are lots of examples out there but not enough is being done to upscale these experiments and really take forward the message that we really need to engage with renewables.

Two—Security instruments and arrangements

AUSTRALIA, THE GLOBAL WEST AND THE ENHANCED NATO

Julian Lindley-French

Introduction

Prime Minister John Howard makes the point that Australian security starts well beyond Australia's shores. It is the same for North Americans and Europeans as the globalised economy spawns globalised security, and insecurity. Globalisation is a child of the West which has a unique duty to steer its prodigy to maturity. Consequently, globalisation is witnessing the dawn of the Global West. And, whilst there is no Global NATO, the Alliance must go strategic. Indeed, NATO today is increasingly a strategic effects generator—an enhanced NATO that is part of the West's ever broader-based security engagement. Like its sponsor the enhanced NATO is not aimed at any legitimate actor. Indeed, the Alliance stands by it July 1990 statement that it has no state enemies. Rather, the object of the enhanced NATO is strategic stability through the harnessing of political and military cohesion to that end—of members and partners alike. Put simply, NATO offers unrivalled experience in the effective organisation of transnational armed force in pursuit of the myriad of tasks such forces must today perform the world over. It is an important task because ultimately the enhanced NATO is about keeping America strong and legitimate and Europe engaged in big security in the new, big global age of power, terror and energy. Consequently, the Global West of which the enhanced NATO is but a part is as much an idea as a place and thus is open to all who share the aspirations of its leadership.

The enhanced NATO therefore is pivotal to effective strategic stability in the vast security expanse of the twenty-first century. NATO is a

Photo opposite: The Los Angeles and San Diego areas of southern California, seen from the space shuttle Discovery. © CORBIS/APL

big security organisation, founded for a big security purpose by big power as part of a big security relationship. It was ever thus and will ever be thus. NATO is by definition strategic. Put simply, NATO goes where the security and defence interests of its members and partners go. It is as simple and straightforward as that. Moreover, in an age in which legitimacy and efficiency are the twin pillars of Western vitality NATO also renders unto US strategic leadership an accountability vital to partners the world over, validating America's essential strategic leadership through political and military effect. America can only be great when it acts in partnership for the essence of the great American idea cannot be separated from the pluralism it espouses and the effect it seeks to create.

The enhanced NATO therefore is pivotal to effective strategic stability in the vast security expanse of the twenty-first century.

Therefore, NATO is the strategic West. And, in this new big age will re-emerge from the strategic vacation of the post Cold War to once again stand tall as the world's indispensable alliance. Indeed, NATO *is* the globalising security and defence arm of the West offering solidarity, stability and security in equal measure to all those who wish to share the values of the Global West. Australia is a like-minded partner of the first order, able to celebrate its cultural heritage and assert itself as one of the cornerstones of an Asia–Pacific region that is both dynamic and demanding in equal measure.

Equally, strategy is not theology. Rather, it is a balance between what needs to be done, and what can be done. Strategic stabilisation therefore is about promoting the system of civilised institutionalised security governance the West built. A noble goal that requires a concerted and sustained effort to strengthen, rehabilitate and embed contemporary state and state institutions the world over as the primary security identity of the individual. It is a strategy itself founded on three pillars of effect. First, by emphasising the just state as the most efficient provider of security. Second, by promoting the just state as the most effective mechanism for strategic interaction. Third, by maintaining the just and open state as the foundation of legitimate and effective international institutions in this new age of power, terror and energy.

Consequently, it is the just state that is the business of the West—not religion or belief which must remain the sacred space of the individual. Consequently, the primary battle of the Global West is engaged is that between power and terror. Only through such a strategy will power defeat terror rapidly and at least cost.

Why expanding horizons?

Nevertheless, there are not a few strategically myopic members and partners of the Alliance that question the purpose and utility of the enhanced NATO. They wonder aloud why they must look beyond the tired shores of the Euro-World and steel themselves again for a new age of security. They fret about the here and now at the expense of the future. They champion the low politics of the mini-West at the expense of the Global West to which they are condemned to be a part. Ironically, the answer they seek passes through their ports

and airports every day. But strategy is nought without vision. If strategy enables intent, structure follows power and as power flows eastward from the large lake of creativity that is the West so do the West's vital and essential interests. Consequently, the West's interests are being transformed along several globalising lines of axis—reach, intensity, purpose and commitment. And, as they transform a question grows more burdensome by the day—are we up to it?

Are we up to the grand strategy that the three great questions of change demand of the West? Is the West truly prepared for the emergence of new great state power? Can the West prevent the ongoing erosion of weak state power? Is the West secure enough in its own idea to maintain itself? That the Global West will need to find answers to these seminal questions must not be doubted. Not least because these trajectories of change are complicated by the reliance of the strong and newly strong upon the weak and infirm for much of the energy that fuels the strength upon which the West relies. That is why terror seeks to disrupt the flow of energy from the weak to the strong, and the transfer of wealth, technology and ideas from the strong to the weak. Put simply, terror seeks to destroy power by rendering all weak. It is a seminal battle of ideas against which the Global West must go on the offensive. The West must stop being defensive about the idea enshrined at its heart—peace through freedom and democracy. It is the greatest idea ever invented.

Given the stakes the Global West under enlightened American leadership, and by extension the enhanced NATO, has no alternative but to ensure that what could be the foundation of mutual strength for all is not hijacked and/or corrupted by moral medievalism hell bent on the subjugation of all through the criminal manipulation of a great and noble religion. That is why, it is important to state that given those expanding horizons the West is as much an idea as a place and thus open to all that seek to join its efforts to stabilise the strategic environment. Australia cannot hide from its past, not least because its past is not yet over. Asia–Pacific might be the future, but so is the Global West. Australia, as a member of both, is at the centre of such power, no longer a mere outpost.

As time goes by …

Five years on from 9/11 the Global West's mission is pressing and of vital interest to all states committed to stability. Strategic counter terror is mutating from a series of man-hunts into a new strategic doctrine for engagement in a world in which the West's engagements will be by definition asymmetric, dangerous and with an ability to suck states into sustained commitments that will stretch civil and military means to the limit. The efficient organisation of effect thus becomes critical, placing a particular premium on the creative use of national power—be it Britain's Comprehensive Approach or Australia's One Government doctrine. Indeed, for what is emerging from the counter-offensive is a new thirty years war in which extreme belief systems, old but massively destructive technologies, unstable and intolerant societies, strategic crime and the globalisation of all commodities and communications combine to create, potentially at least, a multi-dimensional threat which transcends geography, function and capability.

Fifteen years on from the collapse of the Soviet Union big states are also back and the West must also prepare for a new balance of power. Unfortunately, as power moves eastward it becomes less stable and more de-institutionalised. Strategic change is not a question of a battle between good and evil that so often complicates statecraft, but it could nevertheless become dangerous if power expands rapidly beyond structure. Danger emerges first and

foremost from the good, old fashioned need for resources to fuel the just demands of human aspiration. Change made both complex and dangerous by the insatiable demand of the rich and newly rich for such resources, much of which is supplied by the profoundly weak and the deeply unstable.

Two sets of figures from the World Bank reinforce the urgency of this strategic truism. First, even though only 6% of proven oil reserves have been used, annual discovered volumes will by 2040 decline to roughly 1/100th of the mid-70s average. Second, the demand for energy will increase by over 50% by 2035 and 80% of that will be met by fossil fuels. Energy competition if not handled carefully could result in a dangerous tipping point. Indeed, if terror is to defeat power it will only do so if power first defeats itself. Governance is the key to managed competition and the Global West is the best hope that such governance can be locked into the new international system at an early stage.

The big question is whether such a strategic consensus can be reached because the Global West must itself be anchored in a functioning United Nations that today does not exist.

The search for strategic consensus

Thus, the new, enhanced NATO is about the search for new strategic partnerships in a new age, just as classical NATO was the vital expression of a vital strategic partnership that helped stabilise another age all those years ago. The big question is whether such a strategic consensus can be reached because the Global West must itself be anchored in a functioning United Nations that today does not exist. Australia must be a part of that search. The signs are both positive and negative. On the one hand, the lack of contemporary strategic consensus with other key powers, such as Russia and China, complicated by the seductive opportunism afforded to revisionist states by the boiling point of beliefs, is stymieing the UN. At the very least it is bringing the age of Western humanitarian interventionism to an end in all but the most extreme of cases. Indeed, Darfur is a test of Chinese and Russian preparedness to accept infringes on bad state sovereignty as part of *their* Responsibility to Protect, not just that of the Global West. On the other hand, US–Chinese co-operation in the Straits of Malacca suggest that partnership is possible and that the 21st century global balance of power, need not echo that of its immature 19th century European counterpart. Hanging over all is the spectre of a nuclear Iran that Israel will never accept and a psychotic North Korea that Australia, Japan, South Korea and China can never accept. Upon these anvils of challenge strategic consensus will be forged or fail.

Therefore, much of NATO's business today is the making of putative partnerships in security and stability. It is evident today in structural interventions whereby the West and its partners promote stabilisation and managed transition, of the type evident in Afghanistan, and through partnerships with states such as Pakistan, to create a matrix of maturity in immature environments. Mature interventions that combine the interests of human security with the broader strategic interest of stability to manage change for the benefit of all, keeping threats distant and minimal.

Equally, like all the missions upon which the West has embarked it is not and will not be easy, especially for the Alliance. Indeed, for NATO nations strategic stabilisation throws up dilemma at its most profound; how to match the strategic end-state sought with the resources and capabilities so required. US strategic leadership remains the *sine qua non* of such a mission but it also creates pressures for states born of different traditions and at lesser levels of power. Again, strategy is as much the child of what can be done as what needs to be done. US strategy is the product of American possibilities, not European or Australian. The organisation of power and effect thus differs depending upon where one stands on the hierarchy of power. How one stands depends upon how tall one is. NATO's prime directive is to keep America strong globally, by translating US strategy into European reality. It is a dilemma with which Australians must also struggle.

Indeed, whilst the Alliance is in principle the strategic arm of the West, only three states within NATO could truly be described as *projection powers*; the US, Britain and France. Most of continental Western Europe generates at best modest *peacekeeping power*, whilst many of the *protected powers* to the east of Europe remain concerned primarily (and understandably) with the increasingly Soviet-like behaviour of Moscow, recognising the very considerable effort they make to 'do their bit'. The crisis over force generation witnessed over the need for reinforcements in Southern Afghanistan demonstrated that still too many of the Allies are failing the challenge of the Global West by retreating from the real world into a false Euro-world, to which attests the difficulties faced by the Sec-Gen. to find troops to support the British, Dutch and Canadians. Australia too faces an acute dilemma therein. Whilst the Australian contribution in Afghanistan has been noticeably more robust than some NATO members, Canberra oversees armed forces that are increasingly protectionist, on a protectionist budget with much already to do in the 'near region'.

Equally, three of those four powers in southern Afghanistan are Commonwealth states, and a fourth, the United States, should be had it not been expelled for bad behaviour some years ago. Indeed, when it comes to the organisation of power there are many ways to skin a cat. Feline demise that should not be forgotten by those Allies that insist upon institutional form at the expense of political solidarity and operational effect. British public opinion took the point and will not easily forgive this form of indirect taxation that is too often paid for in the lives of British servicemen.

Indeed, just at the moment when the Global West needs high Europe to deal with high politics, too much of Europe is retreating into low Europe and low politics replacing strategy with political correctness. The EU is vital in preventing such strategic pretence. Dealing with complexity requires political and method options. For the West to have security legitimacy it is vital that Europeans engineer strong security sovereignty founded on real security engagement. Unfortunately, Europeans will be unable to project if they cannot protect. And, for all the Aussie 'can do' spirit which so endears Australians to its many friends and partners, it is a challenge that must also be considered by Canberra. Fear and an inability to protect or make many European societies more resilient to catastrophic penetration are undercutting the will and ability of Europeans to project power. Fear reinforced in places by a profound aversion to the use of coercion and the risks associated with the use of legitimate armed force to such an extent that it is in danger of seeing NATO's much vaunted strategic concept replaced with the national caveat. Europeans will not be able to hide much longer. The only question is will they wake up to that reality early enough to be a shaper of change or a victim of it. The tragic paradox of this age is that the madness of religious terrorism affords the enemy a far bigger world view than many of the states that once thought big as a reflex.

The sheer cost and complexity of advanced expeditionary warfare and peacefare, allied to the balance between creating the security space and filling it, is creating a capabilities-capacity crunch.

Even for the advanced allies it is not at all easy these days. The sheer cost and complexity of advanced expeditionary warfare and peacefare, allied to the balance between creating the security space and filling it, is creating a capabilities-capacity crunch. Forced as they are to make a choice between personnel and equipment. This is dangerous because the West's armed forces do not reconstruct after conflict these days, but during it with expensive armed forces employed to that end and consequently denuded through stabilisation attrition. Neat planning boundaries between conflict and post-conflict are being trampled underfoot in the plains of southern Iraq and the mountains of southern Afghanistan. Most Europeans armed forces have not much of anyone armed with not much of anything. Australia?

Joined up globalism

Thus, the very purpose of the Global West is as a global comprehensive security response, of which defence is but an important part. Joined up security through joined up government linked to a joined up partnership for strategic effect. A strategic comprehensive approach that mobilises big power to serve human security with the enhanced NATO at its core.

...the Global West has no alternative but to go global in pursuit of its legitimate security interests to rebuild the architecture of strategic stability.

To summarise; the Global West has no alternative but to go global in pursuit of its legitimate security interests to rebuild the architecture of strategic stability. To that end, the West is as much an idea, as a place. What the enhanced NATO seeks therefore is the inclusive legitimacy and capability of partners, be it through enlargement and/or enhancement to play the role for which it was designed. It has taken one hundred years and two world wars to construct the system of legitimate institutionalised security the West built and in this age of transitional power it is right and proper that the West moves to stabilise the system that it spawned. Most of the effort will be done through economic and political engagement aimed at the rehabilitation and refurbishment of the United Nations. However, as the architect of an open system the West must retain a coherent and credible tool of coercion to underpin its efforts and that tool can be and only will be the enhanced NATO.

For many Europeans such a role will require a gear shift in strategic imagination that Australians seem instinctively to have understood. Indeed, although for the first time in five hundred years Europe is neither the source of world power, nor the focal point of conflict rich Europeans have a need and a responsibility to act with partners the world over if they

themselves are to live in peace, security and stability. Not even political correctness and the imbalance in analysis of the shortcomings of others that such PC-ness promotes can dim that truism. For that simple reason North American and European democracies will naturally reach out to fellow democracies world-wide as cornerstone partners of the Global West. Like-minded states that stand out are of course Australia, Argentina, India, Indonesia, Japan, the Philippines, New Zealand, South Korea and South Africa—to name but a few. But such a natural grouping of states does not preclude close co-operation with others committed in the first instance to structure, stability, system and security. To re-iterate, NATO has no state enemies. Indeed, the very process of engagement is part of a new strategic dialogue that will be vital if strategic consensus is ever to be reached.

Be it NATO's expanding horizons or that of the West, the enhanced NATO must become a new force for strategic good in the world underpinned by a new partnership between those with the vision, the will and the power in this world.

The Global West, Australia and the enhanced NATO

The choice therefore is simple. Be it NATO's expanding horizons or that of the West, the enhanced NATO must become a new force for strategic good in the world underpinned by a new partnership between those with the vision, the will and the power in this world. As a founder member of the West, Australia must be part of that partnership, be it organised through Security Providers Forums, Global Partnership Councils or whatever form of institutional or informal relationship most suits. The unique experience of NATO over many years in welding many states together into an interoperable whole is the greatest insurance the West and its partners have that the system of just and balanced state security it created will ultimately extend the just and balanced human security it seeks.

As Secretary-General Jaap de Hoop Scheffer puts it, ...we are not turning into some form of *globocop*—ready to deal with emergencies all over the world. We simply do not have that ambition, let alone the necessary means. However, all 26 Allies now look at NATO as a very flexible instrument, that we can use wherever our common security interests demand it ... we need the right mix of forces capable of performing combat tasks and post-conflict reconstruction work.

Prime Minister Howard emphasises the linkage between regional and global security in this globalised age and the need for an assertive strategic posture. He is surely right and it is time to properly prepare for such a posture. Indeed, for in an era when effectiveness is not possible without legitimacy and in which the Global West faces a myriad of tasks and missions the role of the enhanced NATO will be vital to strategic mission success in a new strategic age. However, vision without strategy is delusion, strategy without commitment is deceit and security without either is an illusion. Think about it!

BALANCING AMERICA'S GLOBAL AND REGIONAL INTERESTS: US STRATEGY IN ASIA

Ashley J Tellis

I've been asked today to speak about the question of US strategy in Asia and particularly the structural issue of how one balances global and regional interests. This is a complex and multifaceted subject and I suspect there is more that can be said than the time allotted to me allows. So please forgive me if I try and deal with a complex issue in telegraphic form, where I give you the headlines with much else left unsaid. I'm going to structure my presentation in three parts. I want to start by talking briefly about Asia and US grand strategy. Then I want to talk about US grand strategy in Asia, and I finally want to conclude by asking the question of whether the US can be successful in managing the strategic challenges that are likely to face us in the years to come in the Asian continent. Let me start by talking about Asia and US grand strategy.

I think it has become clear today to American policy makers and defence planners that Asia represents the future of the global system.

I think it has become clear today to American policy makers and defence planners that Asia represents the future of the global system. What we're seeing is a world historical transformation, a steady shift of systemic power from Europe to Asia, a transformation that is occurring now after a period of some 500 years, changing the very character of the global system itself. Yet, as one sees this transformation, it is also becoming increasingly obvious that Asia is a Janus-faced reality: that it represents on one hand tremendous revolutionary potential in terms of its ability to concentrate capabilities and produce capabilities that gather notice in the international system, but yet on the other hand remaining a transformation that is incomplete and imperfect. This tension between the growth of capabilities on one hand, while still remaining incomplete or imperfect on the other, poses specific challenges for US policy.

I want to touch briefly on both the dimensions of this dialectic to flag three consequences that I would like to call to your attention. The revolutionary side of the Asian story is something that we are all very similar with. There is an Asian miracle and after 30 years you can see it simply in Asia's contribution to the global product. Today Asia contributes about 28% of global GNP and the projections are that by 2020 this proportion of contribution to GNP will probably rise to somewhere around 43%. Somewhere in the middle of the new century it would probably come closer to 50%. The bottom line, therefore, is that Asia is likely to be the engine of global economic growth, and because it enjoys the fruits of late industrialisation, it is going to be able to grow far faster than the mature European economies grew in the heyday of European expansion. When one looks at science and technology, the story is similar. It is likely that Asia, which today is the third most important hub of scientific innovation, will gradually rise to being second in the global system. There

will still be qualitative differences in the kind of science and technology outputs that you will see in Asia compared to that coming out of North America and Western Europe, but in the sense of overall growth there is little doubt that Asia's going to be up there.

In military capabilities, I don't think the story needs to be repeated too often. You have in Asia the largest concentrations of land power capabilities, very significant naval and airpower capabilities, states that are actively pursuing asymmetric strategies as a matter of national policy, and a high latent demand for weapons of mass destruction. When you look at all these indices, which indicate the revolutionary potential of Asia, you are also struck by the fact of how incomplete this revolution is. There are vast parts of Asia which are simply bereft of the miracle. In fact, there is a difference in the performance and capacity between rimland Asia and heartland Asia. That, in fact, is a source of many security problems that currently confront the United States. Big divides in economic performance are often matched by big differences in the character of governance systems that characterise different Asian states. The transformations in political and social transition in many parts of hinterland Asia are still incomplete and, by and large, there are a much smaller number of stable, liberal, democratic states on the continent than we would like. Ideational systems in Asia are also in transformation and so it is not surprising that Asia hosts many hotbeds of different kinds of extremist movements, the likes of which we have not seen in a while.

The bottom line is that with all this revolutionary potential on one hand and serious problems on the other, Asia's going to remain a concentrated challenge that demands American attention.

What then is the bottom line? The bottom line is that with all this revolutionary potential on one hand and serious problems on the other, Asia's going to remain a concentrated challenge that demands American attention. That American focus on Asia is going to be intimately connected to our global interests, particularly the principal question of how we manage our primacy in the years ahead. Further, the Janus-faced characteristics of Asia produce, on one hand, great opportunities for both the regional countries and the United States, while also embodying great challenges for both these entities. So the United States in the years to come will have to deal with a dual set of problems: problems arising both from Asian strength and from Asian weakness. Finally, because of the changes that are taking place in Asia today, the continent also represents all the uncertainties that come in the wake of all incipient power transitions and the question of whether Asia is ripe for rivalry or primed for peace is going to be a concern that the United States—as the hegemonic power in the global system—will have to deal with for some time to come.

With that by way of an extended introduction, let me focus now on the second part of my presentation, which is: what is US grand strategy in Asia? What is the United States trying to achieve and what are the instrumentalities that are brought to bear in managing these issues of grand strategy? I think it's useful to think about these questions by first trying to identify what US objectives are. Again, consistent with my trinitarian predilections, I would flag for you three objectives that I think characterise what US strategy in Asia is all about. The first

US objective, I believe, is really to prevent the Asian continent from becoming dominated by any single indigenous or foreign power, especially one that has exclusionary objectives—that is, one that would like to keep the United States out of the region. The second objective would be to protect the strategic environment required to sustain peace and stability over the long term. The third objective would be to expand the liberal international economic order that has served both Asian prosperity well and also increasingly underwrites American prosperity because of its connectivity with the Asian continent. I want to take some time to just tease out in a little more detail the consequences of each of these three objectives and to flag for you some of the challenges that arise out of them for our national strategy.

Let me start with objective number one, which is the whole question of preventing Asia from being dominated by any single local or foreign power. Clearly the question of how one copes with the future of Asia in this context derives simply from the revolutionary economic performance that we've seen in Asian states in the last 40 years. If Asia was essentially a collection of underperformers it really wouldn't matter to the United States whether there were powers in Asia that seek to keep us away from the continent or not. But, precisely because this is a part of the world where strong economic performance has been the norm, the question of whether this performance enables some states to dominate the continent with exclusionary intent becomes an issue that is critical to US grand strategy.

... the rise of China really represents for most US policy makers the critical geostrategic challenge at the level of high politics.

In this context, the rise of China really represents for most US policy makers the critical geostrategic challenge at the level of high politics. Thus far, what the United States has attempted to do is to deal with this challenge through a mix of investment and insurance strategies. The investment strategy, or rather the investment dimension of larger US strategy, has been to work towards integrating China as best one can into the global system. Not merely in an economic but also in a political sense and, more importantly, in an ideational sense—a sense that China is a full partner in a system where there are shared norms and shared beliefs of what are appropriate global behaviours. The whole notion of China being a 'responsible stakeholder' really attempts to summarise in capsule form this dimension of US strategy.

But in strategic planning, one cannot rely on investment approaches alone. They have to be complemented by insurance strategies because there's always human frailty, there's always the possibility that something may go wrong. So what the United States has simultaneously attempted to do, even as it works to integrate China into the global system, is to develop a network of multiple insurance strategies that encompass different instrumentalities. Some of these include deepening existing alliance relationships, such as the kinds we have with Japan, with Australia, with some of the Southeast Asian states; creating new partnerships with countries that we were not allied with before, like India; investing in technologies that are designed to maintain our military capacity to intervene in the Asian continent in support of our alliances, if necessary, through forcible action, in the face of a very superior foe—some of this captured by the so-called 'military-technical revolution' or the 'revolution in military affairs.'

All these elements have been put in place really as the necessary complement to the investment strategy. The key is getting the balance right. This is a dynamic matter, which has to be worked on continuously. There is no magic recipe, there is no magic solution. It requires constant tinkering, which policy makers are always involved in, and both parts of the strategy will always exist in tension. Hopefully, that tension is creative, with each element constantly reinforcing the other in a virtuous way as opposed to a vicious way. The bottom line, however, is that US strategies towards China today are not centred on containment, but rather represent a form of hedging. The desire is to integrate China into the global system while also taking out the requisite forms of insurance, in case that engagement with China were to fail. Thus far, I would suggest that we have managed to do this reasonably well.

The second objective of US grand strategy, as I mentioned before, is to protect the strategic environment in an effort to sustain Asian stability over the long term. This objective covers a vast congeries of sub-objectives, none of which I can go into very much detail here, but which I just want to flag for you to indicate both the complexity and sometimes the internal tensions between them. Among the most important sub-objectives here is preventing the spread of weapons of mass destruction and their associated delivery technologies. The US has attempted to deal with this challenge through a variety of global regime innovations, like, for example, developing PSI or the additional protocol as well as by managing bilateral challenges, the most important of which today are those posed by Iran and North Korea.

The second facet of maintaining stability is defeating the threat of terrorism ...

The second facet of maintaining stability is defeating the threat of terrorism, especially terrorism of global and regional reach and terrorism that might have links to weapons of mass destruction. Clearly the unifying concept in this regard has been the global war on terror, which started off wonderfully, peaked with early successes but has now gotten mired in the miasma of Afghanistan and the great controversies over Iraq. The third dimension of managing stability, I would argue, is to contain conflict that is inherent in key intra-Asian rivalries, rivalries between China and Japan, China and Taiwan, China and India, India and Pakistan, North and South Korea, and over the long term even Iran and Iraq.

The next element, again under the rubric of managing stability, is to expand liberal democracy, because it is clearly a conviction of the United States, born of its own history, that democracy represents not only an end in itself but actually a means of stabilising anarchic international politics. After the convulsions of 9/11, this administration in particular has taken the view that the spread of democracy is vital to resolving problems caused by state-society rifts in certain countries, problems that have the effect of violence being exported abroad. So democracy for the United States today has become a strategic instrument for promoting geopolitical tranquillity: it has moved beyond being just an ideology, as it was during the Cold War years, to becoming something of a national security strategy which holds the potential of attenuating tensions between societies and unresponsive governments. Our efforts at global democracy promotion and encouraging democracy in the Arab world are clearly efforts in this direction.

Another dimension of maintaining stability for the United States increasingly will be defeating threats to the production of global public good, especially the challenges embodied in the areas of public health, climate change, and freedom of navigation.

Another dimension of maintaining stability for the United States increasingly will be defeating threats to the production of global public good, especially the challenges embodied in the areas of public health, climate change, and freedom of navigation. We have not done as well as we should, especially in the areas of managing threats to public health and in the areas of climate change. But it is becoming quite obvious to the security community in the United States that you cannot have peace and stability in Asia over the long term unless these elements, which involve public good, are produced adequately in order to sustain the Asian miracle that we seek and which we have all benefited from.

Finally, I would argue that what will be essential to sustain peace and stability in Asia over the long term will be the progressive construction of a new concert of democratic states. The idea of democratic states in Asia getting together in support of a common vision—led, underwritten, by the United States, at least to begin with, but then acquiring some sort of an institutional life of its own—will become ever more important. This kind of regime, which could be informal to begin with but which acquires formal characteristics over time, is critical for American grand strategy at large, which essentially aims to create an environment where no regional Asian state can essentially harm another, while the only power that has the capacity to harm in a serious sort of way—the United States—has no incentives to do so, because the Asian continent contains all the ingredients that are vital both to American security and to American prosperity. Our record of success in regards to all these constituent components of peace and stability is, I think, mixed. But I believe there are grounds for optimism. The record does not justify any conclusion of unremitting doom.

The third objective which I want to flag very quickly for you is the whole question of expanding the liberal economic order. It has become obvious to Americans today, especially with all the controversies about globalisation and outsourcing, that US prosperity and our way of life is intimately linked with our connectivity to the global economy. My ability to get a mortgage at a decent interest rate is linked to how many T-bills the Chinese and Japanese are willing to buy. The ability of US companies to stay competitive with European and Asian competitors is increasingly linked to how much they can outsource to companies in India. Our ability to sustain our own economic growth, which in recent years has actually been remarkably high despite the United States being a mature economy, is linked to peace and stability in the Middle East, which is the primary fount of energy production.

We've attempted to deal with the issue of expanding global trade primarily through global strategies, which are linked to current efforts in the Doha Round. To the degree that we have pursued alternative regional strategies, we have done so increasingly because of our frustration that the liberalisation of the global system is not moving as rapidly as is desirable and hence requires a fillip through the mechanism of bilateral free trade agreements.

The whole logic has been that competitive bilateralism may end up expanding the global economic order through micro-agreements made with individual states. Whether this strategy will actually succeed in the long term only time will tell, but this is clearly the direction that we appear to be moving in.

Let me end by attempting to take a crack at the question of whether the United States will be successful in managing the strategic challenges that I flagged for you throughout this presentation. This is a hard question to answer in the abstract because of the multiple and differential strategies that the US brings to bear in dealing with different kinds of challenges. Our recent experience, particularly in Iraq, has understandably raised doubts among both our friends and onlookers about the ability of the United States to use its power effectively, wisely or collaboratively. But I would suggest that the aberrations that one has seen in recent US foreign policy ought to be treated as convulsions that have arisen as a result of the catastrophic events of September 11, and not necessarily as a new norm that is likely to characterise US behaviour for all time to come. Our prospects for success in Asia over the long term, however, are conditioned by how one answers the following three questions.

The first question is whether the United States will be able to preserve the domestic sources of its power: whether it will be able to survive as a source of continual innovation; whether it will be able to protect the openness of its society; and, whether it will be able to bring together capital, labour and innovation in the creative mix that has characterised the American experiment for at least the last hundred years.

The second issue, which again is one that bears on whether success is possible, is whether the United States will be able to hold in creative balance the multiple instruments of national power; whether the United States will be able to bring together military power, diplomatic strength and general geopolitical influence in legitimate ways—in ways that strengthen its capacity to act, as opposed to the alternative, which is an unhealthy reliance on one political instrument that undermines our capacity to pursue what are essentially sensible, subtle, long-term policies.

The third question, which has a bearing on the issue of American success, is whether the United States will be able to create, lead and sustain international coalitions over time. It is quite obvious to me that the United States will stay the single largest concentration of national power in the international system for a long time to come. That, however, does not translate into a conclusion that the United States can go it alone. To the degree that the United States can work with like-minded partners, both in order to mobilise their strength and in order to exploit all the benefits of legitimacy that come from membership in a common cause, to that degree, our ability to be both successful and legitimate in the exercise of our hegemony will condition the success of US foreign policy.

When one looks at these three questions synoptically, I would argue that there is actually much room for optimism that US grand strategy in Asia will be successful. That optimism, in my mind, is finally shaped by three structural realities that cannot be avoided when one thinks of the United States in Asia. The first structural reality is that the US is politically present in Asia, but not physically located in it. That distance from Asia gives the Asian states more breathing room than if they had the 500-pound gorilla literally on their borders or on their doorstep. The second structural reality is that, at least traditionally, US grand strategy in Asia was not an overbearing grand strategy. It allowed sufficient political space for the national interests of our partners to assert themselves. It would be truly tragic if that were

to change fundamentally, and however we have dealt with the problems of the Middle East, at least thus far, it is possible to suggest that those problems have not extended to our management of our Asian alliances.

The last important and enduring reality of Asia, which gives me room for optimism, is that there is a continuing demand on the part of the Asian states for both American leadership and American presence.

The last important and enduring reality of Asia, which gives me room for optimism, is that there is a continuing demand on the part of the Asian states for both American leadership and American presence. So the United States, in many ways, is leaning on an open door. The tensions that exist within Asia and the competing political histories of the countries that jostle with one another provide the United States plentiful opportunities for a robust presence in Asia at low cost, if only we are careful and smart in the way that we use our power to achieve our ends.

INSURGENCY AND TERRORISM IN THE 21ST CENTURY

Gérard Chaliand

Irregular warfare is warfare between a regular army and irregulars. First of all, irregularity defines the legal status of those who are not the army of a sovereign State. Secondly the character of the fighting is irregular, in the sense that it is based on surprise, mobility, stealth, and harassment. In other words, irregulars avoid direct confrontation except under favourable conditions and use guerilla warfare and terrorism.

Guerillas are members of an irregular armed force that fights against regular forces while trying to mobilise the local population, or at least part of it, and when possible control some territorial area.

There is, of course, nothing new in this mode of warfare and to rename it asymmetrical is just to put a new label on the kind of unequal small wars so familiar during the colonial era.

There is, of course, nothing new in this mode of warfare and to rename it asymmetrical is just to put a new label on the kind of unequal small wars so familiar during the colonial era. If guerilla warfare as it has been said, is the weapon of the weak, then terrorism, when it is the only technique used by the irregulars, is the weapon of the weakest.

In order to clarify what has been labeled the 'War against terrorism' we may have to ask what is it about?

We cannot reasonably follow those US agencies who label the people killed in Afghanistan, Iraq or Chechnya as victims of terrorism, along with, for instance, the victims of the Madrid or London bombings. The former are insurrections, the latter are isolated acts of terrorism perpetrated by jihadists. In my presentation I am concerned with the kind of terrorism used by jihadists. I will not be concerned by the Tamils of Sri Lanka or any other organisation, whose fight is essentially limited to national or local grievances.

As far as Al Qaeda or, perhaps, better 'Al Qaedaism' is concerned, there are two views: one which tends to give to the jihadist threat an importance equaling those of the Soviet Union or Nazi Germany and a second more pragmatic view which is willing to consider what has been achieved by the jihadists in the five years since the aftermath of 9/11.

Despite all the apocalyptic rhetoric used by Al Qaeda, on several occasions in the last five years, the results have been limited. Taking a world view successful attacks have been carried out mainly in Pakistan, Egypt, Saudi Arabia, Indonesia, Philippines, and Morocco. Some of the most lethal attacks have occurred in Beslan in Northern Ossetia, Bali, Manila, Madrid, Moskau, and Bombay. Fortunately the total number of deaths in the last five years, if we except, as we should, the ongoing insurrection, hardly exceeds those of the 9/11. This serves

to remind us that, up to now, 9/11 is in a class of its own. As long as we do see the use of what is called, a little vaguely, weapons of mass destruction, terrorism in its jihadist version will remain a very important and costly nuisance. But even then, it will not be a threat to the world's status quo.

Despite announced or perceived threats, the US, and most of the countries in Europe have not been hit. Many planned attacks did not take place because of police action and this is not just limited to the United Kingdom. So we should ask ourselves why paint an apocalyptical future? We do know that, above all, terrorism is psychological warfare 'better kill one and be seen by a thousand than kill a thousand and be seen by one'. Whose purpose does it serve to sell anxiety? The Media? Why are some States more willing than others to manipulate their public opinion with the threat of an attack?

Of course the possibility and the probability is that in the future, terrorism will result in many more victims.

Of course the possibility and the probability is that in the future, terrorism will result in many more victims. We do not know on what scale. But we might expect that it will produce more mass panic than victims.

The reconstitution of the *Umma* (the community of the believers), that restoration of the Caliphate, the prospect of coming back to the real, or perceived, purity of the first century of Islam are utopian aims. The jihadists have multiplied their adversaries. To begin with, all the Muslim States whose regimes the jihadists believe need to be toppled. Then, there are the US and Israel, and probably the West in general, as designated by 'the crusaders and the Jews'. Then India, because of Kashmir, then Russia, because of Chechnya and last China, because of Xinchiang. I hope I have not forgotten anyone. So this is the coalition, or whatever you want to call it, that the jihadists intend to confront in the decades to come.

To achieve the first step—to topple the particular regimes in the Muslim world—the salafists, as they are properly called, have to be able to transform their limited underground jihad into mass jihad. The future will tell us if they are capable of doing so.

It is also possible that jihadists who today are making headlines will leave no more mark in history than did the anarchists who wanted to change the world by assassinating presidents, kings, queens and other dignitaries.

Like them, the jihadists might have the perception that they are the agents of an epic struggle for the restoration of Islam's greatness. However, jihadists, without realising it, will contribute to widening the gap between many Muslim countries and those countries, such as China and India, who understand that growth is the ultimate justification of a regime.

Jihadists, of course, have also more immediate and less utopian aims, such as hitting hard targets when possible, and more frequently soft targets. They try to discourage Westerners working in Muslim countries such as Algeria and Saudi Arabia. They try to mobilise dissatisfied young Muslims living in Western-type societies and through 'propaganda by the deed' directed to the Muslim countries. They try to capitalise on presenting themselves as the heroes of anti-colonialist and third worldist struggles.

In this struggle there is, as in all conflicts, an important dimension which concern the minds and the wills. This is a contest of will, based as usual, on time. The jihadists will lose because they are going nowhere. Unlike all other terrorist organisations of the last forty years, they have nothing to negotiate for. It's victory or death. It will not be victory.

In the meantime, fighting terrorism, above all, means sound intelligence and on that ground, nothing replaces human intelligence.

Of course, strategic success, ultimately, will have to come from the Muslim world itself. In the meantime, fighting terrorism, above all, means sound intelligence and on that ground, nothing replaces human intelligence. This is police work. When terrorists can be targeted by direct action aimed at eliminating them physically.

I do not think that the notion of a clash of civilisation is relevant. That clash occurred already in the 19th century with the brutal irruption of Imperial Europe in Asia and Africa; a clash to which only Japan was able to find an answer with the Meiji revolution. But it is easy to witness that some words and some actions can fuel resentment. The present US administration is not popular in the Muslim world, (according, for instance to the Pew poll). Under theses conditions, it is not easy to wage a convincing ideological debate. But nevertheless, the battle is also in the field of ideas and minds.

Now let us turn to insurgencies of which we now have concrete examples to study.

At the end of spring, this year, it has become obvious that, in Afghanistan, there was a very serious guerilla warfare going on. Until then, it was labeled 'terrorism' and considered by the Afghan regime as more or less marginal.

Important things were supposed to be going on in Kabul: elections, a Constitution, a Parliament, political battles against some of the most powerful warlords and a political marginalisation of the 'Northerners'. The Panshiris had been controlling the Ministries of Defense, Interior and Foreign Affairs, a situation unacceptable for the Pashtuns who represent not only the most important ethnic group, but those who have dominated Afghanistan since its creation in the 18th century.

To be sure, it was well known that at the end on November 2001, many preeminent Talibans, including Mollah Omar and, of course, Al Qaeda's main leaders, Bin Laden and Ayman al Zawahiri had escaped. As Peter Bergen has written in his book *The Osama Bin Laden I know* '[1]if Fox News and CNN could arrange for their crews to cover Tora Bora, it is puzzling that US military could not put more bodies on the ground to entrap the hardcore of al Qaïda. Sadly, there were more American journalists at the battle of Tora Bora than there were US soldiers.'

It is a fact that the ground operation near Kandahar on the night of October 19 2001 failed while trying to catch Mollah Omar. Several soldiers belonging to the Special Forces were killed. This failure and the consequent losses reinforced the fear of having to bear casualties. That is why no risk was taken at Tora Bora. The Pentagon used the Pashtuns warlords in the south as it had used the Northern Alliance in the North.

... we are witnessing an important shift in Western sensitivities and attitudes towards death.

The point I am trying to make is that since 1983, where 241 marines and 58 French paratroopers were killed by two suicide-trucks provoking the withdrawal of Western troops from Lebanon, we are witnessing an important shift in Western sensitivities and attitudes towards death.

It is worth noting that the so-called asymmetric wars are rendered a lot more equal if one of the protagonist is willing to do the utmost to protect himself when the other is ready to take all risks in order to kill.

So Afghanistan was, to certain extent, an incomplete victory, though the main objective, the eradication of the jihadist sanctuary had been realised. All in all, we might say that Afghanistan has been considered a secondary theatre with limited strategic importance.

- Foreign troops for several years were securing Kabul essentially.
- Little, if not almost nothing, has been done by way of reconstruction in the rural areas, especially in the south.
- Most of the activities until 2005 have been military, neglecting the political side of counterinsurgency.

In other words, the Taliban, to a large extent, have been able, in the south, to exploit the vacuum.

In other words, the Taliban, to a large extent, have been able, in the south, to exploit the vacuum. The situation in the east is also rather similar. If Taliban operations were still modest in 2003, they were able to operate in 2005 with groups of about a hundred men and this current year at the level of a battalion with some 300 to 400 men. The Taliban are trying not to just hit and run but to launch protracted battles in order to cause as many casualties as possible without bothering about their own losses. At the same time, in urban areas, including Kabul, suicide-attacks are rising sharply, according to the Centre for Conflicts and Peace Studies of Kabul [2]. Suicide-attacks have raised from 6 in 2003 to 21 in 2005 and have reached 50 in September this year.

In a nutshell, we can summarise the situation as follows:

- the present regime essentially controls Kabul
- the Afghan Army has about 30,000 troops until now, badly equipped.
- the Afghan police is corrupted and is more part of the problem of security than to its solution.
- US troops which number 17,000, are going to be reduced to 8000 on February 2007. The burden of counter-insurgency is being left essentially to NATO whose troops, less than 20,000 are less well equipped, and represent more than 20 countries.

Some of these troops have no mandate to fight, like the Germans. Others, like the Macedonians, do not speak English. There is an obvious lack of cohesion and of number: less than 30,000 men cannot secure Afghanistan until the Afghan army will eventually be ready for the task of securing a country more than two times larger than the UK.

As far as reconstruction is concerned, there are about 23 P.R.T.'s in the 32 provinces of the country, which are reconstruction teams of 200 to 300 foreign soldiers whose work is to help rural populations and gather intelligence. How is it possible with about 7,000 soldiers to try to solve the economic and social problems, even basic, of 20 millions peasants?

Is it reasonable to believe that foreign troops can, as it is so often repeated, win the hearts and minds of the rural populations? Those who are more or less satisfied are in Kabul and probably in Herat and Mazare-Sharif not in the countryside where they, above all, need security and some basic change in their living conditions.

The too often reference to the Malaysian counterinsurgency, led against a minority of Chinese Communists after having promised independence to the Malaysian majority once the communist crushed, will never happen again.

Independences are already granted. Foreign troops, today, are not welcome to stay a long period of time. They will not win hearts and minds. It is already a victory not to be hated.

At the end of the day, the only question, which has yet to be answered, is: will the Afghan regime, in the future, be capable of sustaining itself, at least militarily?

At the end of the day, the only question, which has yet to be answered, is: will the Afghan regime, in the future, be capable of sustaining itself, at least militarily? That, of course, will require bringing security and a better life in the countryside.

Until then, as the Taliban have a sanctuary and have no problem of manpower, the war will go on and the main burden of fighting will be left to foreigners. A not so bright prospect. To make things more difficult, Afghanistan is, by far, the main producer of poppy, with all the consequences that such an economy implies.

Just as it has been the case in South Lebanon, recently, with the unexpected level of resistance opposed by Hezbollah to the Israeli forces, Iraq brings attention to the fierce challenge of irregular warfare to regular troops.

I am not discussing here about the relevance of a war of choice but its implications and consequences.

A major problem, in Iraq, has been the unpreparedness of the US at civilian and military levels to cope with an insurrection. Beyond the achievement of removing Saddam Hussein's regime, the character of the war launched by the US war was not grasped. There are countries and cultures where regime change cannot be done orderly. The Pentagon in its prewar planning estimates thought that it could draw its forces from 150,000 to some 60,000 troops or even to 35,000 about six months after April 2003.

A major problem, in Iraq, has been the unpreparedness of the US at civilian and military levels to cope with an insurrection.

From the very evening of the fall of Baghdad things went wrong. The looting, which took place for about three weeks, not only was highly detrimental to the infrastructure of the country but the criminal activity brought with it chronic insecurity.

If American troops were considered, at first, as liberators for the group which had been oppressed by Saddam Hussein's regime: Kurds (about 20%) and Shias (about 60%), the Sunnis (about 20%) felt otherwise. It should be understood that the way in which the regime was removed the Sunnis were marginalised. They were entirely losing power. Arab Sunnis were not just a religious group. They were the ruling group before Saddam and even before the British mandate. They were the masters of Iraq and to be, in 2003, superseded by Shias that they consider heretics and Kurds who are not Arabs, was felt as unacceptable. This very fact made the insurrection predictable. Those who pretended that regime change in Iraq would be simple wanted to dissipate doubts about the complexities of the task.

It should be understood that the way in which the regime was removed the Sunnis were marginalised.

It is a fact that Paul Bremer's policy further antagonised the Sunnis by marginalising members of the Baath party at different echelons. This is a policy which was practised in former communist countries of Central Europe. You had to be a member of the party if you wanted to get a job, particularly in the administration. So most of the Sunnis were pushed to sympathise and sometimes participate in the insurrection.

As usual, the insurrection in the beginning was not recognised as such. In fact, for the student of irregular warfare, there is something unique in the Iraqi insurrection. Unlike all the insurrections of the last sixty years which started with few men, few weapons, few money, and most of the time little backing from the population the Iraqi insurrection was started by the nucleus of a State. The secret service (*mukhabarat*) composed of 30,000 members, the *Fedayeen*, the members of the Special republican guards were instrumental in waging the insurgency. They had the weapons, the money, the know-how, the backing of large segments of the Sunni society, starting from those soldiers sent back home without pay.

From the very beginning, a certain number of negative factors were manifest

Sound intelligence was lacking.

Let us remember that exiles like Ahmed Chalabi were the main informers of the present administration.

The troops, which had been doing the job of toppling the regime, were not meant to implement the type of State-building they had to perform. Above all, they were utterly unprepared culturally for the task.

If the US troops had been efficient in winning the regular war, they were obviously too few to restore the infrastructure of the country. The incapacity during the first summer of the liberators to bring back normal conditions of life, to at least those of pre-war, raised a discontent which transformed the liberators into occupiers for many people.

In addition, the limited number of troops could not seal off the border with Syria.

Gradually, the situation became tense with the conflict of Faluja in 2004 and with the scandal over the sexual humiliations of Abu Graïb. With Abu Graïb, the US lost the psychological warfare.

Last, but not least, for the strategist, in the conditions chosen by the Pentagon, the US army was not able to crush or reduce in intensity an insurrection which was essentially led by some of the Sunnis with the cooperation of a very small minority of foreign jihadists.

Sure, elections have been held, a constitution adopted and a government called of National Unity elected but, as we all know, before you can have democracy, you have to have a State and it is easier to vote than to build institutions and benefit from the rule of law.

There is a rampant civil war going on specially in Baghdad. With the existence of the Shia militias (Mahdi and Badr) we have the infrastructure of a civil war which could, soon, become an overall civil war. The current situation might get more complicated next year with the question of Kirkuk. The Kurds want it because Saddam Hussein who repopulated it with Shia Arabs expelled them from it.

At present, many of the expelled Kurds have returned to Kirkurk and in principle, a referendum will be held, before December 2007 to decide the fate of the city. There is opposition to let the city become part of Iraqi Kurdistan by the Shias, the Turkmen minority supported by Turkey and by the Sunnis. In other words, if the referendum takes place and give a majority to the Kurds we shall probably have armed confrontation involving the Kurds in the present rampant civil war. 2007 might well be the worst year of the Iraqi war. Nevertheless, whatever may happen in the future, the US intervention in Iraq will have brought a new factor: Never more Iraq is going to be ruled by the Sunnis alone. But was that the aim of the war?

Irregular warfare by its very nature is more a contest of political will than regular wars.

We do not know with certainty the outcome of the Iraq situation. Irregular warfare by its very nature is more a contest of political will than regular wars. Time is an important factor. I believe that it is of utmost importance that the US military non-victory should not be allowed to become a political failure. The aim of war is about the nature of the peace it brings. On those grounds, the outcome of Iraqi war is, at present, not a success.

The orderly withdrawal of Soviet troops has been perceived as a military victory by *Mujahideens* unable for almost three years to topple the regime of Najibullah in Kabul and other Afghan cities.

A US withdrawal would be interpreted as a victory for both the Iraqi insurrection and for those jihadists who found a new fighting ground created by the US decision to step into Iraq.

Though regular war and wars between States are still going to occur, it is a fact that irregular warfare is the type of conflict that we will have to face mostly in the years to come. There should be an adaptation to it both strategically and tactically with more special troops and leaderships inclined to approach the enemy adaptatively. War, in other words, has also a cultural context.

Endnotes

1 Freepress, New York, 2006, p. 366

2 e-mail: director@caps.af
site: www.caps.af

Dinner address

AUSTRALIA'S ROLE IN ECONOMIC AND SECURITY MANAGEMENT

David Murray

I think if you asked any community around the world: do you like the idea of pursuing the wealth and quality of life of your people? They would readily agree. But if you ask: what is it that underpins your thinking in pursuing that, what's the model, what's the thought process? You get a whole different range of views. So I want to set the scene by just explaining a model which I think is very important. It starts with the notion that human beings can't help themselves. If somebody demonstrates a new, different and better way of doing something, humans will do something about that. They will not sit idle. This raises the issue that from the time human beings could live alone on a sustainable basis everything changed once technological input started to fracture work and lead to specialisation of labour. Whether it's from the fire or the wheel or what else. All through history there's been a succession of innovations and technological advancement that have created specialisation of work, which can only be of value if there is a successful interdependency between people. It's that interdependency which raises the issue of what it is that makes one group of people able to work together for their common interests and maybe another group not. As that interdependency becomes a global phenomenon it opens up a whole lot of issues.

The next issue is that without freedom it is very hard for people to innovate and make progress. Freedom means different things to different people. To me it means democracy. It means an education system as a public good. It means pursuing a healthy community. People who live longer want to try hard for longer to innovate and make progress. It means national security. Maybe it means some element of a social safety net. More than anything else there are three elements to it that are critical—the right to property, the right to free

trade and the rule of law. These things are the aspects of a system that give people the freedom that make them interested in innovation and progress. Many experts have written about the link between innovation, technological and organisational change being the key drivers of long run economic growth. But there is no point in having innovation and good ideas unless there's an investment process and a change process that sits behind it, because these are the things which generate returns with themselves help to pay for the freedoms that keep the system moving forward.

Now, that is not only a good model, and it's in the eyes of many a proven model, but interestingly it is readily available to people in Australia today. So how does that help us describe Australia's position? How do we play a role, given that it's not our place to dictate to others how they'll pursue the prosperity of their citizens but we're in the global community anyway? I'd like to address that by talking about the global issues that are around today, the national issues that we confront in Australia and the security consequences of those. Starting from an economic model, the most important global issue is that the two largest under-utilised workforces in the world are being put to work. This is a fantastic and unprecedented event. Fantastic because if you take any good economist and isolate them down to what's good for their own country they will tell you it's productivity. How do you grow productivity? You increase the participation rate of the workforce and/or the productivity rate of the workforce.

Taking a global view, we are in the process of radically increasing the participation rate of the global workforce by once and for all admitting our friends in India and China to that workforce.

Taking a global view, we are in the process of radically increasing the participation rate of the global workforce by once and for all admitting our friends in India and China to that workforce. This will have profound effects and plenty has been written about the success rate of those two economies. China—the growth rate is unbelievable. The opening up has been going longer than India and they face different issues. Probably most of all that there is untested rule of law. On the other hand, in India the starting point is a little more difficult, a little less controlled. You can read that any way you like but the starting point is that there's somewhere around a quarter to a third of the whole population that's below a very low poverty line and illiterate. People who are illiterate cannot participate in a democracy. Of course, unless you can quickly elevate that group of people then the democracy itself is threatened and the progress and the economic freedoms are threatened. So we desperately need India to keep succeeding, and the signs are good at the present time. But it's a shaky situation when so many of your people have got to be lifted so quickly. So the consequence of those two countries succeeding is fantastic for global productivity, low inflationary growth, and it will go on for a long time.

One of the issues associated with the emergence of these countries is that we have what people call 'trade and financial imbalances'. Now, the best way I'd like to introduce this is to talk to you about a game that we've all played as kids called Monopoly. In Monopoly

everything progresses okay until one of the kids runs out of cash. In Monopoly there is no IMF because the person who runs the bank is also a participant in the game and they don't give away credit outside the rules. What do little kids do in Monopoly when one who thought it was okay to buy everything as fast as they landed on it runs out of cash? They have a temper tantrum and a fight. If you look at it from a distance, the person starting the fight might have all the properties but they ain't got the cash. What sits behind what we do every day in the financial system, what sits behind what we do every day in the trading system, is what goes on in the financial system. We need a couple of things to happen smoothly all the time.

One of the issues associated with the emergence of these countries is that we have what people call 'trade and financial imbalances'.

First, just as free and open trade are absolutely critical to human progress so that we all specialise all over the world, so to is free trade in savings. Those words are not often used but free trade in savings means that to the extent that somebody is producing a surplus of cash at any point of time, it is easy for them to reticulate that surplus to somebody who needs it for investment and growth in their own economy. But there's always a risk that the people who are investing the money, who are applying their citizen savings to the growth of another nation, will get nervous and stop doing it. That could be nervousness about the credit rating of a country or nervousness about the size of the deficits. So often the financial imbalances spill over into concerns about trade. This is where we see now a great risk to our situation.

The first risk is that those who have massive foreign currency reserves in the surplus trade nations will decide not to re-intermediate those savings back to the deficit nations. Would they do that? I don't think they can afford to. Imagine that you and I trade. If you don't buy my stuff I can't make any progress. So why wouldn't I keep financing you until I have direct incontrovertible evidence that you can no longer pay? But in the way goods and money flow around the world, it is usually unlikely to happen. So I don't think that these imbalances will cause some of the problems that people talk about. But they are an issue because among the uninformed they translate across to trade protectionism. This is a risk because people taking a short term view see the loss of a job or the change in a system as something that they should rail against politically. So trade liberalisation remains the way through. Doha is critical, but that's been said for a long time.

Amongst other issues around the world is the simple issue that no community can grow without growing its supply of water and energy, and energy is the most critical.

Amongst other issues around the world is the simple issue that no community can grow without growing its supply of water and energy, and energy is the most critical. So China and India need energy at a time where the world is 80% supplied by fossil fuels and at a time

when people in the world have decided that there's a common issue about environmental cleanliness that we must address. So energy supply and clean energy are key to progress.

Amongst other issues, in my view, when I look at financial markets and people say, 'What could go wrong?', apart from China and others not buying US bonds any more, the bird flu is a serious threat—low probability, high severity. The global ageing population is causing a number of countries to have to change their approach to fiscal policy and to funding of health care to deal with their own internal issues. Of course, the security issues, which you will have discussed in detail, are critical. It's important to remember that solving a security issue will detract from—in terms of its cost—from productivity improvement. It's very appealing to think because we're all busy making more guns and things to look after ourselves that we're all busy and this looks good, but it is actually a detractor from continuing productivity improvement and wealth improvement.

It doesn't mean we don't all do some of it. We don't want to do it. It doesn't mean that some interesting technologies come out of it. But at the end of the day having to significantly ramp up our resource application to solve security issues causes us to have to take resources from other areas of productivity improvement. So at the moment we have a lot of issues to deal with but we're in a time when, if we can see through rapid growth for many more years in China and India—and many other countries with it, particularly if they like the model—then we will be in a long period of upturn in the global economy.

The most important thing to remember about Australia is that it has a small population and, therefore, workforce relative to a large land mass and a very rich resource base.

Now, where does Australia sit in this? The most important thing to remember about Australia is that it has a small population and, therefore, workforce relative to a large land mass and a very rich resource base. If you combine a small workforce with an ageing population, even though it's highly skilled, then there is a threat to productivity and there is also a volatility problem that the economy has to deal with. The ageing itself we estimate in the years between now and 2042 will take 25 basis points a year of growth off our economy, unless we do something more with productivity to deal with it. We also know that we experience significant movements in the terms of trade through commodity cycles. The essential issue for us, if this was a company, is that we're a price taker for our commodities in international markets but when we go to the ballot box we fix the price of welfare. So our revenue has a variable component and is of a variable nature. Our cost structure is fixed. That brings a lot of volatility into our economy and it means that the best way forward for us is to be fantastic at innovation and to improve our savings rate.

Some indicators of how this affects us are that even though the global economy has been growing at 5% at the moment, the Australian economy has had to have the governor on the engine pull back to 3% because the inflation risk of going faster is too strong. Commodity boom. Small workforce. Of course, within Australia we have very different outcomes in different parts of the country. So some states are growing very fast, some much slower. But overall, notwithstanding all the progress, Australia is still a net importer of the savings of

citizens from the rest of the world. If we're to become an innovator we have to start to turn that around and productivity improvement is the only way to do it.

The other interesting things about Australia are that it has been for a long time regarded as an extremely successful and reliable supplier to other parts of the world. In Beijing in 1992 I met the Agriculture Minister of China and she gave me the history of the famine in China and the way Chinese people think about Australia. She said to me, 'We've estimated how much wheat you grow in a good year and a bad year and Australia is capable of filling the gap between a horror year for us for our food and a good year. That's why we fundamentally need you to remain a stable place and a reliable supplier'. That's the situation that we have. The other fascinating thing about Australia is that it has the most remarkable array of people who have come here and, in my view, a very amateur view, people who have one thing in common. One way or another they came from trouble, whether it's the first lot of prisoners on the ship, people who came after the problem in Hungary, or people who came after the Second World War … so many people who've come here came from trouble. People who've come from trouble salute freedom. And isn't it interesting when you put them all together with a common view about that, what can be achieved. That, I think, makes Australia a very interesting little place for the world to look at and say, 'Why do we have to concern ourselves so much with difference?'

The security consequences for us are that we must not allow disputes in trade to spill over into further and larger problems on the security front than we've got.

The security consequences for us are that we must not allow disputes in trade to spill over into further and larger problems on the security front than we've got. We have to watch, in dealing with those things, the financial imbalances that come from radical changes in the pattern of trade. On energy and the environment we have to show ourselves to be not just a reliable supplier but a leader in innovation in clean energy solutions. That is, we have to show ourselves to be capable of contributing our part to solutions. On people and relationships we cannot dictate to others how to run themselves, but the way we deal with ageing, the way we deal with health, the way we deal with having such a diverse group of people signed up for good outcomes will make a difference. The other thing that I believe that the world will want us to do, which is something we discuss a lot in the Global Foundation and we've facilitated a number of meetings, is how to play our role in making the South Pacific more successful than it is today.

I talked about Australia as a lucky country. I don't believe that that holds up. We haven't been around a long time but it's long enough to see whether Australia is capable of doing certain things its own way or not. We inherited a lot from our British friends, but don't forget they deserted us too. I thought there was a deal. All the mutton you want to produce, all the wheat, anything you want to send us, merchandise, exports, we take. Completely dishonoured. Joined the European Union—left us out on a limb. They did some pretty awful things to us in other areas. Who can forget the bodyline cricket? So it's not as though we were endowed by the British. They taught us how to underestimate French lifestyle. Of course, the British system of common law and some of those other institutions have been

instrumental in our freedoms, but I don't think they've been with us all the way as much as they might.

In some of the decisions we've taken, they've been taken wholly and solely from great people able to analyse our situation and make some brave moves. I was struck when I was with the APEC Business Advisory Council on the finance taskforce. I was appointed to chair that at the beginning of the Asian financial crisis. In a plenary session we had there a group from one country said, 'It's not fair. These tidal waves of capital flood our sampans'. Somebody else stood up and said, 'Get yourself better sampans'. Why is it at another point in our session somebody said, 'You've got to fix your currency to the US dollar. You can't afford to float it. The speculators will take over'? Somebody stood up, not from Australia, and said, 'Well, how come Australia, is 2% of the global economy, floated its dollar and it works?'. It's because if you have good economic management the speculators don't get a look in.

Why is it that at the turn of last century Australia and Argentina were the two most successful countries on earth in terms of GDP per capita? Look at those relative rankings today. So a lot's been done right here. But given our size and our position in the world we can only influence a better world and a more secure world, firstly, by being successful and, secondly, showing that model to others to study without asking anybody to do it the way we do it and joining in common solutions around the world.

Contributors

The Hon John Winston Howard

The Hon John Winston Howard was sworn in as Prime Minister of Australia on 11 March 1996, becoming the 25th person to occupy the office of Prime Minister since Federation. This followed the Coalition's decisive Federal election victory on 2 March 1996.

The Prime Minister represents the Federal seat of Bennelong in the North-Western suburbs of Sydney and has been returned to the Parliament at every Federal election since 1974.

Mr Howard came to office as Prime Minister with extensive senior experience in both government and opposition. He was appointed Minister for Business and Consumer Affairs in 1975 at the age of 36 and subsequently served as Minister for Special Trade Negotiations and as Treasurer of the Commonwealth for over five years.

In September 1985 Mr Howard, as Deputy Leader, was elected by his colleagues as Leader of the Parliamentary Liberal Party and, therefore, Leader of the Opposition. He held this post until May 1989. He was returned to the leadership by unanimous vote of his colleagues on 30 January 1995. In the interim period between holding the leadership he served as Coalition spokesman for a number of senior portfolios.

Mr Howard was born in Sydney on 26 July 1939, attending school at Earlwood Primary and Canterbury Boys' High. He went on to the University of Sydney, graduated with a Bachelor of Laws in 1961 and was admitted as a Solicitor of the NSW Supreme Court in July 1962. Prior to his election to Parliament he was a partner in a Sydney firm of solicitors.

The Prime Minister has been active with the Liberal Party since the age of 18 when he joined the Young Liberal Movement and participated in student politics at university. In addition to his life-long commitment to public service and the Liberal Party, Mr Howard is a keen follower of

sport particularly cricket. He enjoys playing tennis and golf and follows the St George Rugby League football team.

Mr Howard married his wife Janette, a teacher by profession, on 4 April 1971. They have three children, Melanie, Tim and Richard. As Prime Minister Mr Howard divides his time between Sydney, where his family live at Kirribilli House, the Lodge in Canberra and, of course, his official commitments in other State capital cities, regional centres and rural Australia.

Dr Paul Cornish

Carrington Chair in International Security and Head of the International Security Programme, Chatham House, London.

Paul Cornish was educated at the University of St Andrews, the London School of Economics, and the Royal Military Academy Sandhurst, and completed his doctorate at Cambridge.

Career details: Regular Commission, British Army, 1983–89; Arms control analyst, Foreign and Commonwealth Office, 1991–93; Senior Research Fellow, Chatham House, 1993–96; Lecturer in Defence Studies, Joint Services Command and Staff College, 1997–98; Lecturer in International Security at the University of Cambridge, 1998–2001.

After three years directing the Centre for Defence Studies at King's College London, Dr Cornish returned to Chatham House in May 2005. His most recent publication, as editor, is *The Conflict in Iraq, 2003* (Palgrave/Macmillan, 2004).

Dr Samina Yasmeen

Associate Professor Samina Yasmeen is the Director, Centre for Muslim States and Societies at the University of Western Australia, Perth. She teaches courses on Islam and international politics. She is a specialist in political and strategic developments in South Asia, and the role of Islam in world politics. She has published articles on the position of Pakistani and Middle Eastern women, the role of Muslims in Australia, and Indo-Pakistan relations and is the co-editor of *Islam and the West: Reflections from Australia* (University of New South Wales Press, 2005). She is a member of the National Consultative Committee on International Security Issues (NCCISI), a member of the International Humanitarian Law Committee of the Red Cross (WA), and Vice-President to the Australian Institute for International Affairs (WA Branch).

She is currently conducting research on Understanding Muslim Identities in Australia, as well as on the role of Islamic groups in Pakistan's foreign policy. She is a regular commentator on issues relating to Islam, Pakistan and Muslim immigrants in Pakistan on Australian and international media.

Dr Ligia Noronah

Dr Ligia Noronha is a Senior Fellow of The Energy and Resources Institute (TERI), India, and Director of the Resources and Global Security Division. (See http://www.teriin.org/div_inside.php?id=41&m=3) She is also the Secretary of the Asian Energy Institute, a network of 16 Asian and 14 non Asian institutes. (see http://www.aeinetwork.org/) She has an M.A. in Economics from the University of Bombay, and an M.Sc in Sea Use Law, Economics, and Policy, and a PhD on Oil Policy from the London School of Economics. Her work at TERI includes research into resources policy, energy security, minerals development, sustainable tourism, coastal zone management, and issues relating to climate change. From April 2004 to 2005, she worked at the International Development Research Centre, Canada, as the Team Leader of the Ecosystem Approaches to Human Health Program Initiative. Globally, she is associated with the Mining and Energy Research Network, UK, was on the Global Assurance Group of the Mining, Minerals and Sustainable Development (MMSD) project of the IIED, and is also part of the network on Sustainable Production and Consumption, (SPACES). She is on the international Editorial Boards of Ecohealth and Experimental Agriculture.

Dr Julian Lindley-French

Dr Julian Lindley-French is Senior Scholar at the Centre for Applied Policy at the University of Munich and Senior Associate Fellow at the Defence Academy of the United Kingdom. Formerly Director of the International Security Policy Training Course at the Geneva Centre for Security Policy, he was born in Sheffield, Yorkshire in 1958. He is an Oxford Blue who graduated from Oxford University in 1980. He received a Masters Degree in International Relations (with distinction) from UEA in 1992 and a doctorate in political science from the European University Institute in Florence in 1996. He has lectured in European Security at the Department of War Studies, Kings College London, and therein was Deputy Director of the International Centre for Security Analysis (ICSA). He was also Senior Research Fellow at the EU Institute for Security Studies in Paris and has acted as a consultant to NATO in Brussels where in 1999 was recognised for outstanding service.

He is a regular contributor to newspapers and magazines, such as the International Herald Tribune. His recent works include *A European Defence Strategy* (Gutesloh: Bertelsmann 2004), and *Why Europe Must Be Strong … and the World needs a Strong Europe* (Gutesloh: Bertelsmann 2005). In June 2005 he published 'Power and Bleakness' in *International Spectator* and in January 2006 'Big NATO, Big World, Big Future' in *NATO Review* which was recognised as one of the most important contributions to grand strategy post 911 yet written. In October 2006 he published *NATO: The Enduring Alliance* for Routledge in the US and Europe and in March 2007 he will publish *A Chronology of European Security and Defence 1945–2006* for the Oxford University Press.

Dr Ashley J Tellis

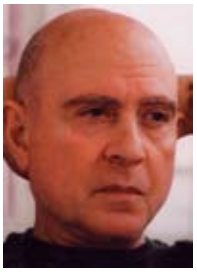
Dr Ashley J Tellis is Senior Associate at the Carnegie Endowment for International Peace, specialising in international security, defence, and Asian strategic issues.

He was recently on assignment to the US Department of State as Senior Adviser to the Undersecretary of State for Political Affairs, during which time he was intimately involved in negotiating the civil nuclear agreement with India. Previously he was commissioned into the Foreign Service and served as Senior Adviser to the Ambassador at the US Embassy in New Delhi.

He also served on the National Security Council staff as Special Assistant to the President and Senior Director for Strategic Planning in Southwest Asia.

Prior to his government service, Dr Tellis was Senior Policy Analyst at the RAND Corporation and Professor of Policy Analysis at the RAND Graduate School. He is the author of *India's Emerging Nuclear Posture* (2001) and co-author of *Interpreting China's Grand Strategy: Past, Present, and Future* (2000).

He is also Research Director of the Strategic Asia program at NBR and co-editor of the three most recent *Strategic Asia* volumes. His academic publications have appeared in many edited volumes and journals.



Dr Gérard Chaliand

Dr Gérard Chaliand is a specialist of irregular warfare and has spent several years as a participant observer in many guerillas and war zones (Afghanistan, Angola, Sri Lanka, Kashmir, Philippines, Eritree, North Vietnam, Burma, Nagorno-Karabagh, Colombie, Salvador, Peru, Guinée-Bissau, Iranian Kurdistan, Iraq, etc). He is also a specialist of Terrorism and has written several books on those subjects: *Guerilla strategies, from Long March to Afghanistan*; *University of Terrorism from Antiquity to al Qaïda (with al Qaïda)*.

Mr David Murray

David Murray joined the Commonwealth Bank in 1966 and was appointed Chief Executive Officer in June 1992, and retired from this position in 2005.

In November 2005 the Australian Government announced that Mr Murray would be Chairman of the Future Fund. The Fund's objective is to invest budget surpluses to meet the long term pension liabilities of government employees.

Mr Murray holds a Bachelor of Business from the NSW Institute of Technology and a Master of Business Administration, commenced at Macquarie University and completed at the International Management Institute, Geneva. He holds an honorary Phd from Macquarie University and is a Fellow of the University of Technology, Sydney. Mr Murray has thirty-nine years' experience in banking.

As part of his interest in education, Mr Murray chairs the Business Industry Higher Education Collaboration Council. Mr Murray is a benefactor of Schools and a member of Tara Anglican School for Girls Foundation in Sydney. He is Chairman of the Global Foundation and a life member of the Financial Markets Foundation for Children.

About ASPI

The Australian Strategic Policy Institute (ASPI) is an independent, non-partisan policy institute. It has been set up by the government to provide fresh ideas on Australia's defence and strategic policy choices. ASPI is charged with the task of informing the public on strategic and defence issues, generating new ideas for government, and fostering strategic expertise in Australia. It aims to help Australians understand the critical strategic choices which our country will face over the coming years, and will help government make better-informed decisions.

For more information, visit ASPI's web site at www.aspi.org.au.

ASPI's Research Program

Each year ASPI will publish a number of policy reports on key issues facing Australian strategic and defence decision makers. These reports will draw on work by external contributors.

Strategy: ASPI will publish up to 10 longer studies on issues of critical importance to Australia and our region.

Strategic Insights: A series of shorter studies on topical subjects that arise in public debate.

Specialist Publications: ASPI also produces valuable reference tools, such as The Cost of Defence and the Australian Defence Almanac.

Commissioned Work: ASPI will undertake commissioned research for clients including the Australian Government, state governments, foreign governments and industry.

ASPI's Programs

There are four ASPI programs. They will produce publications and hold events including lectures, conferences and seminars around Australia, as well as dialogues on strategic issues with key regional countries. The programs are as follows.

Strategy and International Program: This program covers ASPI's work on Australia's international security environment, the development of our higher strategic policy, our approach to new security challenges, and the management of our international defence relationships.

Operations and Capability Program: This program covers ASPI's work on the operational needs of the Australian Defence Force, the development of our defence capabilities, and the impact of new technology on our armed forces.

Budget and Management Program: This program covers the full range of questions concerning the delivery of capability, from financial issues and personnel management to acquisition and contracting out—issues that are central to the government's policy responsibilities.

Outreach Program: One of the most important roles for ASPI is to involve the broader community in the debate of defence and security issues. The thrust of the activities will be to provide access to the issues and facts through a range of activities and publications.

ASPI Council Members

ASPI is governed by a Council of 12 members representing experience, expertise and excellence across a range of professions including business, academia, and the Defence Force. The Council includes nominees of the Prime Minister and the Leader of the Opposition.

Chairman
Mr Mark Johnson

Deputy Chairman
Major General Adrian Clunies-Ross (Retired) AO, MBE

Members
The Honourable Jim Carlton AO
Dr Alan Dupont
Mr Michael L'Estrange
Mr Stephen Loosley
Mr Paul McClintock
Mr Des Moore
The Honourable Jocelyn Newman AO
Mr Ric Smith AO PSM
Brigadier Jim Wallace (Retired) AM
Dr J Roland Williams CBE

Director
Peter Abigail

Director of Research Programs
Dr Anthony Bergin

Budget and Management Program Director
Dr Mark Thomson

Strategy and International Program Director
Dr Rod Lyon

Operations and Capability Program Director
Dr Andrew Davies

Visiting Fellow
Dr Elsina Wainwright

Business Manager and Company Secretary
Robyn Ross

Research and Information Manager
Janice Johnson

Senior Research Officer
Raspal Khosa

Manager of Events and International Relationships
Lynne Grimsey

Events Coordinator
Tas Frilingos

Information and Publications Officer
Paula Tychsen

Office Manager
Noeline Healey

Office Administrator (Part-time)
Rachel Wells

ASPI would like to acknowledge our conference sponsors.

Australian Government
Department of Defence

THALES

KBR

noetic

LOCKHEED MARTIN

Global Forces 2006

Proceedings of the ASPI conference

Some of the world's sharpest strategic thinkers debate the key issues shaping global and Asia–Pacific security.

Professor Paul Cornish, Carrington Chair of International Security and Head of the International Security Programme, Chatham House, London

Dr Samina Yasmeen, Director, Centre for Muslim States and Societies, University of Western Australia, Perth

Dr Ligia Noronha, Director, Resources and Global Security Division, The Energy and Resources Institute, New Delhi

Dr Julian Lindley-French, Senior Associate Fellow, Defence Academy of the United Kingdom and Senior Scholar, Centre for Applied Policy, University of Munich

Dr Ashley J Tellis, Senior Associate, Carnegie Endowment for International Peace, Washington DC

Dr Gérard Chaliand, former Director of the European Center for the Studies of Conflicts (Foundation for Strategic Research), Paris

Mr David Murray, Chairman of the Future Fund Board of Guardians

Professor Chung Min Lee, Visiting Professor, Lee Kuan Yew School of Public Policy, Singapore

Dr Phillip H Gordon, Senior Fellow for US Foreign Policy, The Brookings Institution, Washington DC

Professor Xiao Ren, Professor and Associate Dean of the Institute of International Studies, Fudan University, Shanghai, China

Dr Dino Patti Djalal, Special Staff of the President for International Affairs and Presidential Spokesperson, Indonesia

Mr Allan Gyngell, Executive Director, Lowy Institute for International Policy, Sydney

Mr Colin James, political journalist and analyst, New Zealand

Professor Dato' Dr Zakaria Ahmad, Executive Director, HELP University College, Kuala Lumpur

Mr Owen Harries, Senior Fellow in Centre for Independent Studies and Visiting Fellow at the Lowy Institute for International Policy

Professor Ross Garnaut, Professor of Economics, Research School of Pacific and Asian Studies, Australian National University

Dr Elsina Wainwright, ASPI's Strategy and International Program Director

RRP $20.00

Z00 27498A

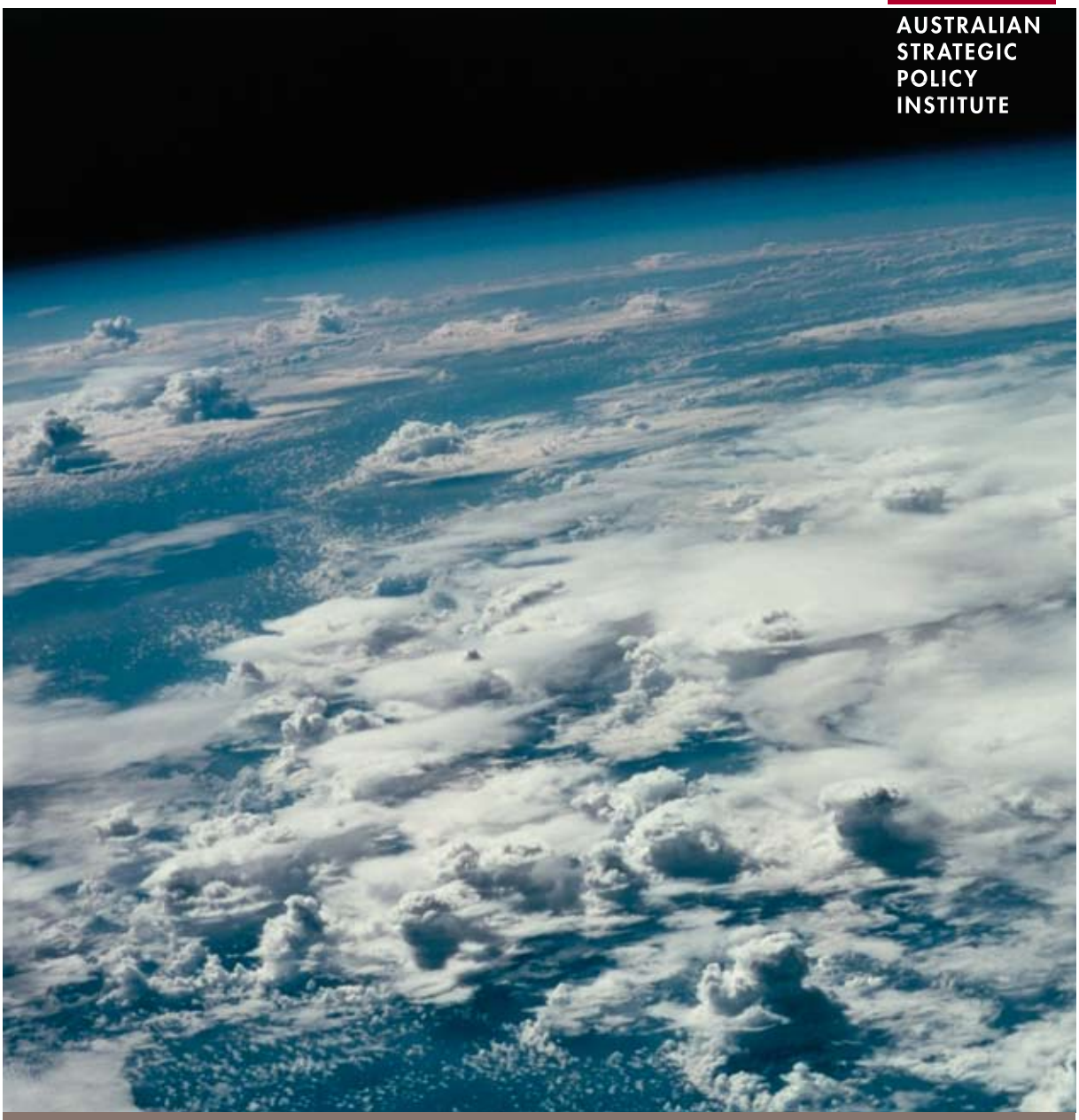
STRATEGY

ASPI

Global Forces 2006

Proceedings of the ASPI conference.
Day 2

ASPI
AUSTRALIAN
STRATEGIC
POLICY
INSTITUTE



December 2006

About ASPI

ASPI's aim is to promote Australia's security by contributing fresh ideas to strategic decision-making, and by helping to inform public discussion of strategic and defence issues. ASPI was established, and is partially funded, by the Australian Government as an independent, non-partisan policy institute. It is incorporated as a company, and is governed by a Council with broad membership. ASPI's publications—including this paper—are not intended in any way to express or reflect the views of the Australian Government.

The opinions and recommendations in this paper are published by ASPI to promote public debate and understanding of strategic and defence issues. They reflect the personal views of the author(s) and should not be seen as representing the formal position of ASPI on any particular issue.

Join the debate

Send us your views in writing. As a contribution to the public debate ASPI may publish comments, as presented, on our web site, unless you indicate otherwise. ASPI's Privacy Statement is on our web site.

Level 2, Arts House
40 Macquarie Street
Barton ACT 2600
AUSTRALIA

Email jointhedebate@aspi.org.au
Facsimile +61 2 6273 9566

Cover image: During space shuttle mission STS-64, the captured this image of multiple thunderstorm pockets over the Pacific Ocean, near Hawaii. © NASA/Roger Ressmeyer/ CORBIS/APL

Global Forces 2006

Proceedings of the ASPI conference.
Day 2

First published December 2006

Published in Australia by the Australian Strategic Policy Institute

ASPI
Level 2, Arts House
40 Macquarie Street
Barton ACT 2600
Australia

Tel + 61 2 6270 5100
Fax + 61 2 6273 9566
Email enquiries@aspi.org.au
Web www.aspi.org.au

ISBN 1 921302 06 2 (v. 1: pdf).

ISBN 1 921302 07 0 (v. 2: pdf).

Contents

Three—Asia–Pacific regional security issues

NORTHEAST ASIAN SECURITY FUTURES: DILEMMAS AND CHOICES

Chung Min Lee

Choices and consequences in strategic Northeast Asia

One of the key paradoxes of the contemporary era is the prevalence of strategic forecasts and the pitfalls associated with them. And in no area are forecasts more vexing than predicting future paths in Asia—particularly in Northeast Asia—given the overlapping of two equally salient features of the region's strategic landscape: unprecedented economic growth, accelerated prosperity, and since the late 1980s, expanding democratisation but at the very same time, the heaviest concentration of high and low security challenges. These two characteristics of Asia or the 'Twin Faces of Asia,' are visible both at the macro and micro levels since even as the region moves toward an embryonic 'community' the region is also replete with disintegrative forces. No other region in the world embodies such contrasts along the entire cooperation and conflict spectrum. In essence, the primordial or existential dilemma for Asia on the whole and Northeast Asia where the great powers collide, is that commensurate with the unparalleled accumulation of wealth, technologies, and military capital, all of the strategically significant states must address the consequences of power with more nuanced, calibrated and institutionalised responses.

Asia stands at a historical crossroads since the policies and strategies of its constituent states are the primary drivers of the regional environment compared to the predominance of external powers throughout much of the previous century. This is a remarkable transformation that is only beginning to sink in given that almost all

Photo opposite: The Mediterranean Sea, Israel, Lebanon, Syria, Jordan, the Jordan River Valley, the Dead Sea, and the Sea of Galilee from 190 miles up. © NASA/Corbis/APL

of the major security threats and challenges that are relevant today originated from within Asia and its sub-regions. While it may enable some leaders and governments to continue to vent their frustrations on outside powers or external forces beyond their immediate control, the fact remains that commensurate with Asia's rise, so too has its responsibilities. Many leaders, commentators and experts continue to equate Asia's self-identify in response to the West and Asians are not unique in this respect. But when one considers the magnitude, intensity, and frequency of Asia's strategic menu—ranging as it does from the world's highest concentration of military power, unprecedented economic opportunities coupled with unparalleled vulnerabilities, to the spectre of new nuclear breakout states—the time has surely come to confront these issues more dispassionately.

The simultaneous rise of China, Japan and India as the region's three great powers offers strategic opportunities for cooperation, not only for these first-tier powers but all other Asian states.

The simultaneous rise of China, Japan and India as the region's three great powers offers strategic opportunities for cooperation, not only for these first-tier powers but all other Asian states. Conflict is not inevitable among these great powers and more than any other time in recent memory, the correlation of forces disfavors conflicts given that any wide-ranging disruption would entail enormous costs and undo Asia's postwar economic miracle. That said, neither is peace, prosperity and stability guaranteed on the basis of market-driven conceptions of security. Thus, while it is virtually impossible to forecast where Asia is headed, it is possible to delineate critical tipping points that could swerve the region into a series of complex crises. Endemic wars borne from centuries of colonialism, the collapse and rise of dynasties, and unchecked power transitions may be snippets of Asia's past but assuring that Asia remains conflict free, or at a minimum, mitigating crises so that they do not escalate into crises and conflicts requires courageous, domestically unpalatable, and externally attentive leadership. In the pages that follow, an attempt is made to sketch out three main strands or features of Asian security in the early 21st century: (1) Asian security in the midst of competing and parallel paradigms including the viability of market-driven notions and conceptions of security futures; (2) understanding Asia's 'hybrid conflict' profiles and challenges including assessments of military modernisation trends and critical tipping points; and (3) the consequences of new nuclear breakout states.

Asian security in the midst of parallel and competing paradigms

More than fifteen years after the collapse of the Soviet Union, the world continues to be characterised by the persistence of parallel and competing security paradigms. Notwithstanding the global war on terrorism and despite the 'shock and awe' of the unprecedented attacks of September 11, it is, thus far, difficult to equate transnational terrorism with the epic East–West struggle of the Cold War era. There is no doubt that from the perspective of the United States, the campaign against Al Qaeda, the Taliban and their strategic partners is a brutal 'new' war. Yet other potentially debilitating threats to global security abound. The spectre of new nuclear weapon breakout states, nuclear terrorism,

humanitarian disasters, the potent mix of failed states with nuclear weapons and growing energy competition, among other forces, are key shapers of the emerging security complex. Against this backdrop, the simultaneous rise of China and India as new great powers and existing geopolitical hotspots—the Middle East, Taiwan Strait, Kashmir, and the Korean Peninsula—attests to the high-low mix of the contemporary security roadmap. Even as terrorism was highlighted as the 'preeminent threat,' John Negroponte, US Director of National Intelligence, noted recently that:

We live in a world that is full of conflict, contradictions, and accelerating change...*[T]he most dramatic change of all is the exponential increase in the number of targets we must identify, track, and analyze*. Today, in addition to hostile nation-states, we are focusing on terrorist groups, proliferation networks, alienated communities, charismatic individuals, narcotraffickers, and microscopic influenza.[1] (Emphasis added).

... it is in Northeast Asia more than any other region where these parallel security paradigms are most prominent and severe.

But it is in Northeast Asia more than any other region where these parallel security paradigms are most prominent and severe. Yet the cumulative rise of Asia for the most part continues to be equated with sustained stability, growing prosperity, and decelerating prospects for conflict. No one can doubt the unprecedented economic and even political transformation of Asia, particularly East Asia, over the past three to four decades. It has become commonplace to refer to the emerging 'Asian Century' with the consonant notion that 'increasingly, other nations have become captivated by the reality, and the potential, of fast-developing commercial ties with the East. Suddenly, America is no longer the only guarantor of their economic viability or their political protector of choice.'[2] The much lauded inaugural East Asian Summit of December 2005 held in Kuala Lumpur was heralded by Asian leaders as a turning point in Asian history. Or as one Indian observer stated, 'its significance is that it symbolises the Asian century, the coming of age, in a sense, because by 2050 Asia will have three of the four largest economies in the world.'[3] At the same time, other leaders such as Singapore's Senior Minister Goh Chok Tong stressed the need to 'construct a new architecture for East Asia' since 'if East Asia does not coalesce, it will lose out to the Americas and Europe.'[4]

Asia without conflicts?

Leading regional commentators have asserted that Asia's accelerated accumulation of wealth and the desire to sustain cooperative economic linkages precludes conflicts. As Kishore Mahbubani stated in 2005, 'I can tell you that war is the last thing that they [Asians] have on their minds' and further, that a 'tidal wave of common sense explains the single most important feature of the Asia–Pacific region in any kind of strategic discussion: the fact that guns are silent.'[5] It is true that the last major Asian war ended with the downfall of South Vietnam in 1975 and according to a major study on global conflict issued in 2005 by the Human Security Centre, the total number of conflicts world-wide rose steadily throughout the Cold War but began to decline steeply after the early 1990s. According to this report,

in the beginning of the 21st century, the probability of a country being engulfed in war was lower than any time since the early 1950s.[6] In East Asia and Southeast Asia in 2003, there were fewer than one-third as many conflicts as in 1978 owing to three principal reasons: rising prosperity, democratisation, and the ending of large-scale foreign intervention.[7]

It is all together feasible to apply assumptions of democratic peace theory in the Asian context, e.g., the notion that democratic states are less prone to go to war with each other.[8] Yet while there is growing consensus on the correlation between democracy and decreasing conflicts among or between democratic states, the uneven pace of democratisation in Asia, fragility of democratic norms and institutions (as illustrated by the recent military coup d'etat in Thailand), and outstanding factors that could trigger them (such as violent regime collapses) suggests that accelerated economic growth coupled with democratisation ameliorates and curtails, rather than, fundamentally reducing the spectre of conflicts.

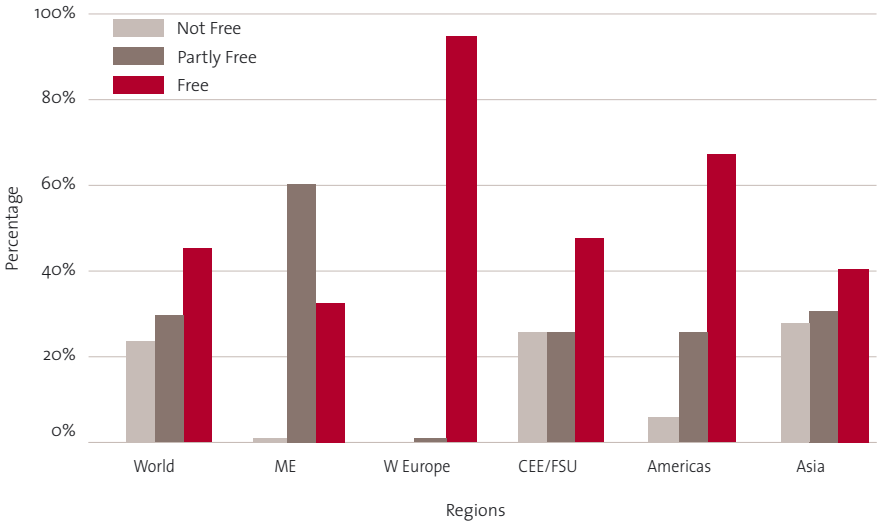
Extrapolating Asian futures: reexamining economic growth and democratic peace

The baseline by which Asian futures (including Northeast Asia's) are commonly projected and perceived usually departs from three decades of nearly uninterrupted economic growth. This is, of course, an extremely important baseline given that no other region has achieved such spectacular economic transformations in such a short period of time. Of the world's fifteen largest economies in 2005 (GNI, Atlas method), four were Asian—Japan, China, India, and South Korea for a combined total of US$12.1 trillion. (Calculated through the purchasing power parity scale, the GDP for these four countries were estimated at US$15.19 trillion or 27% of world GDP—US$ 55.5 trillion).[9] Out of the world's top ten foreign exchange and gold reserve holdings, seven are Asian economies.

By 2030, Asian economies are projected to account for over 40% of world GDP. According to a widely-cited study conducted by Goldman Sachs in 2003, it estimated that by 2040, the BRICs' (Brazil, Russia, India and China) economies would be greater than the size of the G6.[10] The study noted that by 2050, only the United States and Japan could remain among the world's six largest economies. At mid-century, Goldman Sachs estimates that China will emerge as the world's largest economy (in 2003 currency, US$45 trillion) followed by the United States (US$35 trillion), India (US$27 trillion), and Japan (US$9 trillion).[11] These projections, however, are premised on a series of core assumptions such as sustained macroeconomic stability built on viable, strong, and open institutions. Under current assumptions, the rise of China and India as the world's leading economies is not in doubt. Yet these linear projections are also going to be affected significantly by a confluence of unknowns such as the pace and magnitude of domestic political reforms and accompanying volatility in China, the unprecedented demands on social welfare spending in India as well as other Asian states, the phenomenon of rapidly aging societies throughout much of Asia, and sustainable development challenges in the lesser developed economies.

Beyond economic trends, other key barometers in examining prospects for stability and peace in Asia lies in such factors as democratisation, transparency, and levels of globalisation to the extent that such softpower attributes are assumed to dampen severely the propensity to use force or out-pricing the cost of conflict altogether. According to Freedom House, 41% of the countries in the Asia–Pacific were free (16), 31% not free (12) and 28% not free (11). A breakdown by major regions is noted below in Graph 1.

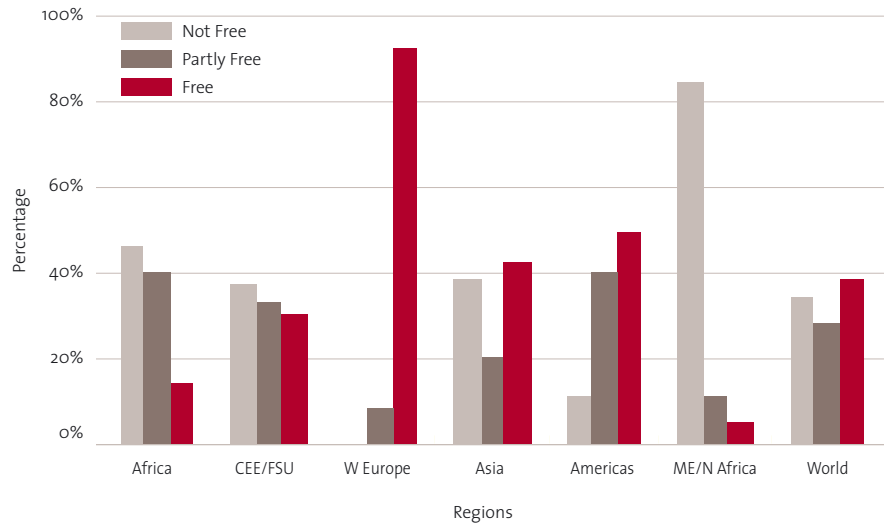
Graph 1: Freedom in the World 2006



Source: Freedom House, Freedom in the World 2006.

Seen in percentages, relative democratisation scores for the Asia–Pacific region roughly corresponds to the world average but well behind Western Europe and the Americas. The disparities in political freedom in the region are illustrated by the presence of such countries as North Korea, Myanmar, and Laos—the lowest scoring countries in Asia—and a swath of 'partly free' countries with varying degrees of representative/semi-democratic governments. At a minimum, this suggests that while major improvements have been made in democratisation and the broader political liberalisation over the past two decades, in order for a fundamental 'swords to ploughshare' transformation in the region, significantly greater strides must be made in expanding and deepening democratic reforms throughout the Asia–Pacific. Other data such as press freedom indicates that the Asia–Pacific region marks significantly higher owing to a confluence of factors such as the rapid dissemination of the Internet and the proliferation in alternative medias. Out of 40 countries measured by Freedom House, 42% were free, 20% partly free and 38% not free. (See Graph 2 below).

Graph 2: Freedom of the Press Index 2006



Yet more intrusive press freedom values such as the annual survey conducted by Reporters Without Borders, noted that out of 167 countries in the world in 2005, not a single Asian country was in the top 30. The closest were South Korea (34th) and Japan (37th)—the two countries with the highest degree of press freedom according to Reporters Without Borders—while other major countries' ranks were as follows: China (159th), Indonesia (102nd), India (106th), Thailand (107th), Malaysia (113th), Philippines (139th), Singapore (140th) and Vietnam (158th), Myanmar (163rd) and North Korea (167th).[12] Half the countries in the bottom 10 of the 2005 index are in Asia.

Another indicator which is often cited to accentuate Asia's growing ties to the world economy is the rate and depth of globalisation. Notwithstanding the critical importance of trade to the regional economies, (A.T. Kearney/Foreign Policy *2005 Globalization Index* measuring 62 countries world-wide), only two Asian countries were in the top 20—Singapore (which topped the list with the highest ranking) and Malaysia (19th)—followed by Japan (28th), South Korea (30th), Philippines (32nd), Taiwan (36th), Thailand (46th), China (54th), Indonesia (60th), and India (61st).[13] Generally, however, greater levels of democratisation coincides with greater levels of globalisation although exceptions are clearly evident such as the case of Singapore. (Indeed, Singapore's anomaly is illustrated further by the fact that it is perceived to be one of the world's least corrupt countries—ranked 5th out of 159 countries according to the 2005 Transparency International Corruption Perceptions Index).[14] Insofar as the perception of corruption is concerned, only two countries are in the top 20—Singapore (5th) and Japan (21st)—whereas other major Asian economies ranked between the 30th and 80th including Taiwan (32nd), Malaysia (39th), South Korea (40th), China (78th) and India (88th).

Invariably, measurements related to democratisation, press freedom, globalisation and transparency are open for interpretation and must be regarded as rather imprecise snapshots. But if one makes a strong case that Asia's future is likely to be characterised by linear stability and prosperity with limited prospects for conflicts or instability fuelled by sustained economic growth, accelerated democratisation, and the strengthening of good governance (rule of law, for example), such a prognosis only takes into one side of Asia's rise. However, as it will be argued below, the paradox of Asia or the 'Twin Faces of Asia' cannot be fully appreciated without taking into account deep pockets of potential conflict and discord, particularly given the presence of precarious geopolitical fault lines across all of the sub-regions of Asia.

Understanding Asia's 'hybrid conflicts' and tipping points

Taken together, while unprecedented economic growth, expanding intra-regional trade, and the positive attributes associated with the accumulation of softpower are readily visible in Asia, these should be seen as necessary and not as widely believed, sufficient conditions for prolonged peace and stability. Clearly, mitigating if not preventing and minimising conflicts is a critical precondition for Asia's sustained growth and the increasing web of free trade agreements, for example, augurs well for the continued absence of wars and conflicts. Nevertheless, Asia is also home to some of the most pressing geopolitical fault lines.

Indeed, Asia is the only region in the world that is characterised by 'hybrid conflicts' or an amalgam of security challenges and threats through the convergence of seven distinguishing security features: (1) the preponderance of military power (nuclear, conventional and unconventional) among the region's key strategic powers; (2) the consequences for nuclear

proliferation triggered by a nuclearised North Korea (and although not directly in Asia, Iran as well) and follow-on responses by nuclear weapon capable states (notably Japan, South Korea and Taiwan); (3) the prominence of failed states with nuclear weapons (Pakistan and North Korea) and failed states in the midst of varying shades of domestic insurgencies (Sri Lanka, Nepal, and Burma); (4) overlapping complex crises including endemic territorial disputes, potentially devastating humanitarian disasters (such as Avian flu and refugee dislocations), and fragile political institutions; (5) sub-regional or region-wide economic dislocations stemming from rampant state collapse in North Korea or a second Asian financial crisis; (6) the potential for accidental and spill-over conflicts combined with the potential for nuclear escalation in key geopolitical fault lines; and last but not least, (7) great power rivalries given that for the first time in history, China, Japan and India are sharing the stage as coterminous great powers.

In essence, the greatest threat to regional stability and security arises not from the breakout of major war (although that possibility cannot be totally discounted), but from a confluence of complex crises that could easily trigger more dangerous and militarily more active responses.

In essence, the greatest threat to regional stability and security arises not from the breakout of major war (although that possibility cannot be totally discounted), but from a confluence of complex crises that could easily trigger more dangerous and militarily more active responses. To the extent that unprecedented wealth accumulation and technology creation are enabling more regional powers to undertake RMA-based force modernisations, the desire for sustained economic growth may actually propel sharper and strategically ambitious power projection capabilities. But while Asian states today are rightly focusing on economic growth and expanding intra-regional trade, there is little, if any evidence, which suggests that the propensity for wealth creation has dampened the appetite for accruing military power or the willingness to use them when critical national interests are at stake. Although seemingly intractable issues such as the decades-long conflict between Aceh and Indonesia's central government may have been 'switched off because of the larger change in the chemistry of the region,'[15] the root causes of conflict in Asia have not been ameliorated fundamentally by the preponderance of economic logic. Conflict is not inevitable, but neither is sustained peace and stability obviously guaranteed.

In this context, while all of the seven characteristics of Asia's 'hybrid conflict' profile could result in complex crises, outcomes would be invariably highly situation-specific. But three key tipping points deserve closer scrutiny given their potential magnitudes and corresponding consequences for Asia, and in particular, Northeast Asia. First, the growing accumulation of military capital and advanced defence technologies and systems by all of the major military powers. The quest for military security in Asia compared to Europe stands out as one of the most distinguishing features of the post-Cold War strategic template as exemplified by sustained force modernisations and more advanced and lethal power projection platforms. Invariably, the pace of military modernisation is dependent on numerous factors such as

shifting threat perceptions, budgetary constraints, operational demands, and political guidelines. That said, many of the strategically significant Asian states with paramount security predicaments continue to invest in an array of defence technologies (particularly asymmetrical systems), doctrinal modernisations, and associated force realignments under the rubric of increasingly sophisticated defence transformations.

Second, the spectre of failed states that currently possess an array of weapons of mass destruction (WMD) lies across the two ends of the Asian continent—Pakistan and North Korea. Volatile or even violent transitions in the event of regime or state collapse would have severe consequences internally but throughout South and Northeast Asia. Although prospects for a North Korean collapse cannot be overemphasised given the Kim Jong Il regime's ability to survive despite mounting odds against it, prolonged instability in the aftermath of regime change also cannot be discounted. While Seoul's and Washington's or for that matter Beijing's choices are likely to differ (perhaps even significantly) in the event of a North Korean collapse, contingency planning must take into account a range of responses including preemptive intervention (by the United States, in unison with South Korea, or on the part of China) and potentially severe dislocations. And third, the spectre of new breakout nuclear weapon states, noticeably North Korea, and while not 'Asian' in the strict usage of the term, also Iran. Although a fully nuclearised Iran and North Korea would significantly alter response options on the part of the United States, its key allies (Israel, Japan and South Korea) in the two regions, as well as reactions by China and Russia, the longer-term consequences are extremely difficult to predict.

All of the major players in Northeast Asia have significant stakes in assuring that in the event that any or all of these tipping points materialise, not only would the need arise to minimise collateral damage and associated fallouts, they would bear the brunt of any military fallout and/or operations. Indeed, what makes these three tipping points (and conceptually many more are possible) particularly vexing is that they could result in rapid escalation or re-trigger other unforeseen crises. A brief synopsis of each of the tipping points follows beginning with Northeast Asia's military modernisation trends and drivers.

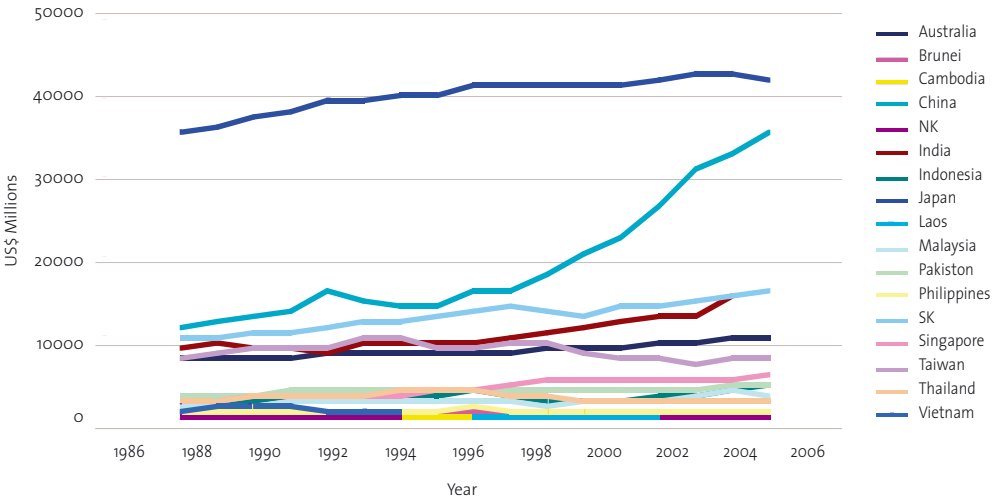
Northeast Asia: the locus of military power

Asia houses the greatest concentration of military power—nuclear, conventional, and unconventional—excluding the United States. Four of the six declared nuclear weapon states stretches across the Asian continent (China, Russia, India and Pakistan) and two leading near nuclear weapon states; namely, North Korea and Iran. Three of the world's largest armed forces are in East Asia: China, North Korea, and South Korea. Force configurations in and of themselves only illustrates one facet of military capabilities and while the United States leads the world in total defence spending—US$419 billion in FY 2006—or slightly higher than the rest of the world's defence budget, East Asia has led the world in relative defence spending increases through much of the post-Cold War era.

There is no direct correlation between the concentration of military capabilities and the propensity for conflicts but the array of selective force modernisation programs, increasingly sophisticated power projection platforms, and asymmetrical assets suggests, at a minimum, military modernisation and increasingly sophisticated power projection platforms will continue to receive policy priority among the first tier (China, Japan, India) and second tier (the two Koreas and select Southeast Asian states) powers. Notwithstanding the declining probability of major war akin to the Korean and Vietnamese conflicts, average defence spending as a percentage of GDP from 1993–2003 was 1.83% or higher than any other region.

From 2000 onwards, the average has topped 2.0%.[16] What is more relevant in the context of Asia's defence spending trends is the rapid accumulation of military capital by the People's Republic of China as illustrated by the acceleration of Chinese defence spending since the late 1980s. Despite the fact that sustained economic growth and prosperity depends critically on cooperative security regimes, the picture that has evolved from East Asia but particularly from Northeast Asia throughout the post-Cold War era is one of strategic hedging driven by the rise of China, Sino–Japanese strategic competition, prevailing uncertainties on the Korean Peninsula and the introduction of selective RMA-intensive military technologies and systems.

Graph 3: Asian Defence Spending: 1988–2004



Source: SIPRI various years.

Moreover, given the spectre of volatile transitions on the peninsula, growing concerns over the potent mix of failed states and weapons of mass destruction, and selective US force realignments and reductions, maintaining robust deterrence and defence assets is going to remain as a key national security priority for all of the major security actors in the region. Or as one prescient Asian security analyst has noted:

While the demands of sustaining economic growth may thus by themselves assure the continuing relevance of military instruments in Asia—at least for all the major powers and for many lesser states as well, the vitality of traditional inter-state politics in Asia further guarantees their prominence well into the foreseeable future.[17]

Although historical comparisons should always be treated with caution, history has been a potent source of rivalry and conflicts in Northeast Asia.

Although historical comparisons should always be treated with caution, history has been a potent source of rivalry and conflicts in Northeast Asia. The rebirth of strategic rivalries could be avoided but even as East Asian states cooperate on economic matters, they may

view each other as such and while 'wars between them may not be likely, but neither will it be unthinkable.'[18] Moreover, notwithstanding the absence of an over-arching security threat throughout the region, very diverse security challenges mixed with outstanding historical legacies and disputes means that 'military instruments are in no danger of becoming irrelevant in Asia.'[19]

Thus, what one can detect in the many of the more capable militaries is a move away from huge ground forces to more mobile and nimble forces which are just beginning to exploit the advantages provided by asymmetrical capabilities. While the circumstances are quite different from state to state, almost all of the major powers in Asia are adopting localised versions of RMA and military transformations. The PLA's focus on acquiring superior information warfare fighting capabilities together with a long overdue replacement of its aging combat aircraft, the SDF's comprehensive force modernisation programs including a carefully calibrated, stealthy strategic shift to emerging 'threat' envelopes such as North Korea and China, and South Korea's own mid- to long-term defence modernisation programs including next generation combat aircraft (KFX-2), early warning aircraft (EX), and Aegis-class cruisers (KDX III) are primary examples. North Korea continues to upgrade its ballistic missile forces as evinced by the July 5, 2006 missile launch coupled with on-going concerns over its nuclear weapons program. As a RAND study has noted, 'if or when they enter the geopolitical arena as confident 'actors', they may find themselves engaged in heightened political-military competition or even conflict with their neighbours.'[20]

The acquisition of more lethal, accurate, and mobile weapons systems connected by an increasingly modernised C4ISR system means that for the first time in history, almost all of the mature armed forces in the region now have growing power projection capabilities. Such developments have also been spurred by hedging strategies on the part of Asia's 'Big Three'—China, India, and Japan—in an era when loose coalitions for and against them are going to be increasingly evident in 21st century Asia and also by the lesser powers given the growing disparities in power projection capabilities between them and the region's strategic heavyweights. The threat of major war among the great powers in Asia has never been as low as it is today but friction at the margins is very much alive. Sino–Indian strategic cooperation over the long run is far from guaranteed although both sides, for now, have opted for accommodative strategies. For many of her neighbours how Japan plans to actualise its objective of becoming a 'Normal Country' through successively more nationalistic governments is a perennial source of concern. Dormant for most of the post-Cold War era, Japan's on-going strategic reemergence is occurring in parallel with a post-imperialistic and post-orthodox communist China. Indeed, the simultaneous ascendance of China and Japan with requisite economic and military capabilities has never been replicated in Asian history. Deng's greatest strategic achievement other than engineering China's economic boom was in exploiting the political and military opportunities tendered by the demise of the Soviet Union by enabling China to shift its strategic focus to maritime Asia, and by default, focusing once more on latent Sino–Japanese rivalry. The US–Soviet rivalry in East Asia 'not only overshadowed but effectively sublimated the unresolved Sino–Japanese dispute' while the US–Japan security coupled with Japan's so-called Peace Constitution meant that Tokyo was 'preoccupied with economic rebirth, while China remained isolated internationally and engulfed internally in political radicalism.'[21] And the possibility of volatile if not violent transitions on the Korean Peninsula, and potential military clashes in the Taiwan Straits or in the South China Seas, means that the accumulation of military capital is going to

remain a key feature of the Asian strategic landscape. Or as one noted US observer wrote in 2002 but still relevant in the context of Asia's military technology potential:

The information revolution spreading around the world brings much more diverse sources of intelligence to the Asian military decision-making system. Satellites, fibre-optic communication lines, computer networks, and cellular telephone technologies disgorge information that will transform civil-military relations in Asia. The new information technologies allow a quantum jump in performance for key parts of the military...*In some areas, like jet aircraft or mechanized ground warfare, the Asian military is extremely backward compared to America or Europe. However, this assessment overlooks the role of new information technologies in making missile strikes and other tactics highly effective*.[22] (Italics added).

Early 21st century East Asia is militarily significant because for many of the key regional powers, the 'tyranny of geography' has been overcome by advanced military technologies. To what extent emerging strategic rivalries may escalate into actual conflicts remains unknown since one cannot assume that more robust power projection capabilities will necessarily lead to strategic instability and conflict. But there is every reason to believe that friction among the great powers and between the great and lesser powers are unlikely to remain dormant.

The prominence of China's strategic footprints, more robust Japanese and South Korean air and naval assets, India's vaunted sub-regional ambitions and potentially volatile undercurrents in the Indo–Pakistani relationship, and North Korea's on-going search to strengthen its correlation of forces, may well mean that preventative political-military measures including sub-regional confidence building measures could be brought to bear with more urgency in the region. 'But it is also easy enough to imagine events—a mismanaged crisis on the Korean Peninsula or a confrontation across the Taiwan Strait or over Kashmir—that could shake strategic Asia to its core and bring powerful competitive forces, now latent, to the surface.'[23]

Chinese and Japanese force modernisations: the search for strategic space

China's comprehensive military modernisation and transformation efforts jump started on the basis of two key developments of the late 1970s: the introduction of the Four Modernisations and the PLA's humiliation during the Sino–Vietnamese border clash of 1979. Since the mid-1990s, the PLA has emphasised a number of military reforms that could be summarised as follows. First, modifications in the force structure including reduction in force size. Second, prioritisation of weapons modernisation (particularly in the PLA Navy or PLAN). Third, doctrinal revisions to enable the PLA to fight in 'Local Wars Under Modern High-Technology Conditions' or 'Local Wars Under Informationalisation Conditions.' Fourth, growing emphasis on joint operations and commensurate training, education and manpower allocation needs.[24] So the key question is whether these efforts are, in the main, defensive and reflective of on-going replacement and modernisation of fatigued systems or more focused to provide the PRC with an array of military options commensurate with its increasing stature. Catching up incrementally with the United States remains as the long-term goal of the Chinese military leadership although a de facto containment of Taiwan remains as the more immediate strategic imperative. Fortuitously for China, the collapse of the USSR coincided with the fact that for the first time since its founding in 1949, none of the nations with which it shares borders—fourteen in the post-Cold War era—were natural

adversaries. Although China continues to have border disputes with India, North Korea, and Vietnam in addition to competing claims in the South China Seas, the PLA today has greater strategic manoeuvrability than at any other time in its history.

The PLA's modernisation efforts since the early 1990s can be best described as stealth transformation in that even as the top political and military leadership stress the need for China's military to catch-up with other great powers (principally though by no means limited to, the United States), neither does it want to become a magnet or target for regional force buildups that could severely narrow or even marginalise its post-reform military gains. Overcoming key deficiencies in the Chinese force structure and its ability to wage a range of combined military operations means that for the time being, China can ill-afford to antagonise constituent states in its near-abroad or other regional great powers such as Japan and India.

Thus, the PLA has emphasised asymmetric programs by leveraging its advantages while exploiting the vulnerabilities of possible adversaries.[25] In turn, as the PLA continues to modernise, two key misperceptions may lead to miscalculations or crises: (1) underestimating the degree to which Chinese forces have been modernised; and (2) overestimation of their own forces' operational capability and adaptability.[26] Compared to the United States, China's military footprint continues to be focused in its immediate environs since it doesn't have foreign military bases or the logistical capacity to maintain long-term and long-range offshore military operations. Clearly, Chinese defence elites are concerned about protecting its core sovereign zones (including the South China Seas and Taiwan) in addition to strategic pivots that could undermine severely China's security such as the Sino–North Korean border.[27]

China is currently embarking on a 'leaps and bounds' theory through a 'Three Step Strategy' that its leaders hope will enable the PLA to emerge as the most powerful and dominant Asian military power by 2030. As alluded to briefly above, step one entails the acquisition and development of a range of advanced weapons systems for deterrence and warfighting under high-tech conditions by 2010. Step two calls for the sustained modernisation and replacement of key weapons platforms by around 2020 including qualitative, RAM-intensive improvements such as PGMs. And step three entails the informationalisation of its armed forces by mid-century.[28]

As important as Taiwan is to China's assertive nationalism and sovereignty and despite the PLA's efforts to military encircle Taiwan in a protracted crisis or conflict, its attention span goes well beyond Taiwan. China's SRBMs, for example, are all mobile and can be redeployed in various contingencies and the PLA's air and naval force improvements 'both complete and in the pipeline—are scoped for operations beyond the geography of Taiwan' so that the PLA Air Force's operational range will enable it to conduct extended operations into the South China Sea.[29] The PLAN is focusing on submarine forces, advanced destroyers, new generation of anti-ship missiles and aircraft carrier ambitions. According to the IISS, the PLAN's air craft carrier program was begun in 1994 and is modelled after the Russian *Admiral Gorshkov* aircraft carrier and up to three may be built with an operational timetable of 2010 although this may appear to be unrealistic.[30] The PLAN is acquiring the requisite know-how to field a PLAN Air Force Carrier Air Wing with unconfirmed reports that it is seriously interested in the Su-33UB naval trainer/attack aircraft, modification of the Chengdu J-10 for carrier operations, and radar warning helicopters.[31] In summary, combined with surface combatants, naval aircraft, and anti-ship cruise missiles, 'China is seeking to become

a first-class submarine power.'[32] While there are clear deficiencies in China's maritime power projection ambitions, Japan's current advantages in anti-submarine warfare (ASW) and anti-air warfare (AAW) over the PLA, in addition to the operational imperatives of Taiwan and other contingencies suggests that addressing naval asymmetries is going to remain as a key military objective of the PLA leadership.

If the PLA is well on its way to building an armed forces for the 21st century, so too is Japan's Self Defense Forces (SDF). Japan's security architecture in the postwar era has been premised foremost on its reliance on the United States. This central policy and political tenet has survived the Cold War and amongst all of the United States' critical Asian allies, Japan has been at the forefront of strengthening its ties with the United States. Tokyo's efforts at modernising and expanding its alliance with Washington predates 9/11 but received a major impetus in the aftermath of the Bush Administration's reassessment of its Asian alliances coincident with the events of 9/11. In one of the most dramatic shifts in alliance management, the across-the-board strengthening of the US–Japan alliance stands in sharp contrast to growing dissent within the US–ROK alliance, one of the major pillars of the post-Korean War security architecture.

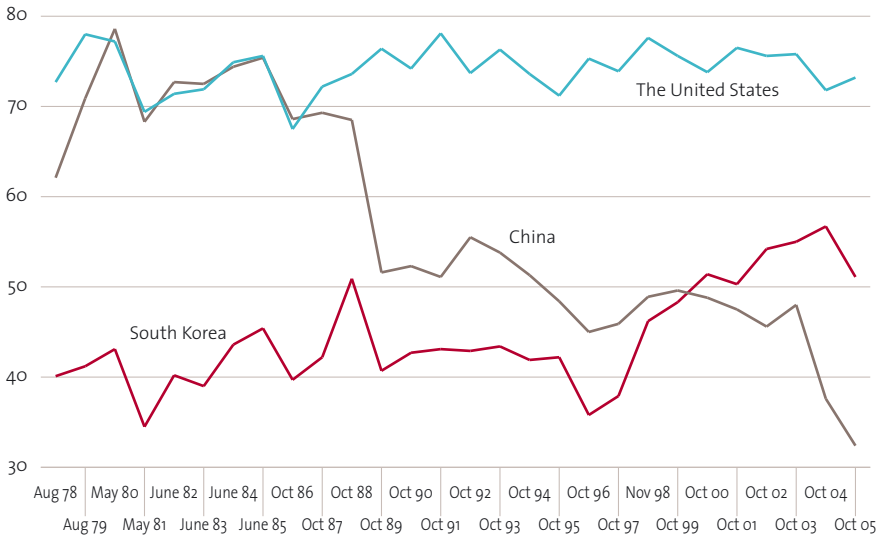
The revamping of Japan's security and defence policies since the end of the Cold War have multiple sources including a discernable shift to the right in domestic politics, sharp reactions to North Korea's military threats, but perhaps most significantly, the rise of China as the preponderant Asian economic and military power.

The revamping of Japan's security and defence policies since the end of the Cold War have multiple sources including a discernable shift to the right in domestic politics, sharp reactions to North Korea's military threats, but perhaps most significantly, the rise of China as the preponderant Asian economic and military power. As noted above, never in history have China and Japan co-shared the stage as great powers or as one US commentator has stated, 'China and Japan have never been powerful at the same time: for centuries, China was strong while Japan was impoverished, whereas for most of the last 200 years, Japan has been powerful and China weak. *Having both powerful in the same era will be an unprecedented challenge*.' [33] (Emphasis added). For the moment, Japan's (or for that matter, China's) immediate concern is focused on managing the North Korean nuclear conundrum but 'long-term defense planning for Japan will continue to monitor and react to the growth of Chinese power.'[34] Japan's search for a more viable security policy, however justified, has always run into the brick wall of Asian history and while previous leaders were extremely cautious about forcefully articulating Japan's core security needs, post-Cold War prime ministers have been much more open and direct on the need to comprehensively modernise Japan's security strategies. The SDF's mandate has been expanded through a series of policy adjustments that now allows the SDF to more clearly articulate measures to respond to actual or imminent attacks on Japan.[35]

In October 2004, the Japanese Government released a major study entitled 'Council on Security and Defense Capabilities Report' which emphasised the need for Japan to pursue an integrated security strategy encompassing traditional notions of territorial defence but also stability in the 'surrounding areas' (i.e., Taiwan Strait and the Korean Peninsula) that are deemed to be critical to Japan's security. In addition, the report stressed the need for the SDF to transform itself into a multi-functional defence force including rapid response capability, enhanced intelligence collection and analysis, modernisation of policy coordination mechanisms and division of roles between Japan and the United States.[36] While these recommendations were used by the Koizumi Government to inject public support and rationale for the SDF's continuing modernisation programs in addition to the government's policy on key issues such as responses to the North Korean nuclear threat, the more significant development was the National Defense Program Outline (NDPO) of FY 2005. Some of the highlights of the 2005 NDPO (released in December 2004) were as follows.

First, the guidelines broke precedent by specifically citing North Korea and China as security concerns and reiterated the government's policy that Japan should cope more effectively with ballistic missile threats and incursions into Japanese airspace and territorial waters. Second, in order for Japan to assume these and related missions, Japan needed a 'multi-functional' military including the streamlining of the SDF to meet a broader array of threats and challenges and the need for the SDF to assume more international peacekeeping missions.[37] One of the core tenets of Japan's post-Cold War security policy lies in broadening the roles and missions of the US–Japan alliance and to this end, greater interoperability between the two forces and greater cooperation on such issues as missile defence. Although previous Japanese governments have also emphasised the need to strengthen the US–Japan alliance, broad-based public support for the United States has been one of the most remarkably constant features of postwar Japan. In sharp contrast to fluctuating perceptions of the United States in South Korea as well as China (particularly over the past 2–3 years), an overwhelming majority of the Japanese public continue to view the United States in favourable terms. (See Graph 4 below). Although major issues persist in the alliance such as the relocation of key bases in Okinawa and operationalising Japan's commitments over a

Graph 4: Japan's Affinity Toward the United States, China and South Korea: 1978–2005



Source: Cabinet Office Poll (Tokyo) released on December 26, 2005.

range of contingencies, securing public support vis-à-vis the alliance has not been a major roadblock compared to other major US allies both in Europe and other parts of Asia.

Insofar as the FY 2005 NDPO is concerned, however, while it contained more bold language and a willingness to address traditionally more sensitive issues, it also came under criticism in Japan for lacking an overarching security philosophy and that it was more the result of a series of bureaucratic compromises. At the same time, the NDPO resulted in sharp reactions from China and South Korea given that these two countries perceive that one major side-effect of the broadening of the US–Japan alliance is Japan's expanding strategic footprint in Northeast Asia and beyond.

Japan's growing preoccupation with Chinese military buildup, however, continues to be a key driver in modernising the SDF's long-term force improvement programs. As China's naval assets continue to grow as illustrated above, the Self Defense Agency has continued to accentuate the importance of maritime security. For example, the November 10, 2004 intrusion into Japan's territorial waters by a PLAN submarine only served to heighten concerns in Japan that the PLAN chose to deliberately test Japan's ASW capabilities.[38]

For Japan's political leadership and policy elites, particularly those who are more conservative, one of the key goals of Japan's security and defence transformation including it's all-important ties with the United States lies in attaining Japan's 'right of collective self-defense.' Or as a research centre's report stated, 'it is imperative to apply 'Collective Self-Defense Right' to contribute more aggressively to improve international security cooperating closer with US Forces. Otherwise, the existence of [the] Japan–US Alliance may lose its credibility or fall.'[39] In summary, Japan's decision to embark on robust defence modernisation under the rubric of collective self-defence is highly unlikely to be overturned given the wide-ranging security consensus that is evident within the ruling as well as major opposition parties. As China's military power continues to accumulate and depending on how the Korean Peninsula is likely to transition, Japanese security and defence policy is going to shed its Cold War constraints more assertively in the years and decades ahead.

The challenge of Asia's critical failed states

During the entire period of the so-called first nuclear era (1945–1991), the only declared nuclear weapon state that faced sustained political volatility was the PRC during the interregnum between the disastrous Great Leap Forward and the Cultural Revolution.[40] Even so, the political monopoly of the CCP was rarely in doubt, and in particular, the PLA managed to safeguard its then limited nuclear weapons capabilities. In the case of North Korea and Pakistan, however, political and economic dynamics differs significantly from the Chinese case or other post-Cold War nuclear concerns such as controlling fissile materials currently under control by the Russian Federation. While the origins, capabilities, and overall military components of the Pakistani and North Korean nuclear weapons programs are quite different, regime transformations in Islamabad and Pyongyang, state collapse, the sanctity of their command and control mechanisms in the event of regime failure, and prolonged civil-military conflicts would have fundamental implications for nuclear safeguards in both countries, and by extension, in their respective regions.[41]

Ironically, the continuing perseverance of ruthless regimes in such failed states as Zimbabwe and North Korea may lead many to argue that the chances of regime change from within is highly unlikely. A number of plausible scenarios leading to regime change in North Korea

could be considered including a military coup spearheaded by anti-Kim factions in the armed forces assuming that factional strife ripens as Kim Jong Il begins to prepare one of his sons for succession. If Kim Jong Il's regime is replaced by a military junta or a joint ruling body comprised of key party and military leaders, the integrity of the Korean People's Army's (KPA) command and control system would presumably be retained. However, in the event of prolonged intra-factional struggle within the KPA coupled with growing civil unrest and de facto disintegration of omniscient security controls, key elements of the command structure could be unravelled. To be sure, such scenarios are highly contingent on a series of developments, i.e., inability of the national command authority to function in any normal sense, which forces or groups ultimately assume control of North Korea's vast military forces including nuclear weapons and ballistic missiles would be critical concern to the ROK and the United States, not to mention other regional powers. The main point here is that while the regimes that are in power in Pakistan and North Korea may not face any imminent danger of being replaced, both states exhibit many of the characteristics of failing, if not failed states. Significant challenges to regime security would therefore have key repercussions for these two countries' WMD arsenals.

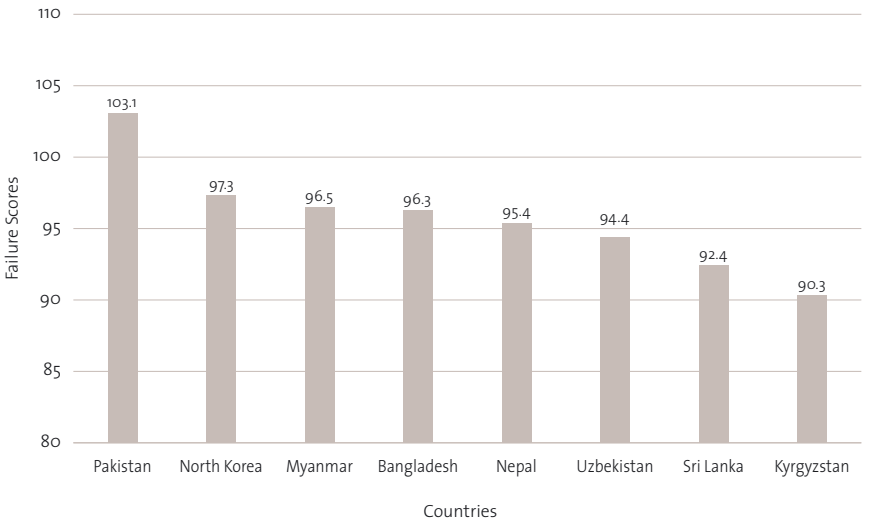
A state is failing when its government is losing physical control of its territory or lacks a monopoly on the legitimate use of force.

Measuring the level and depth of fatigue in states or structural corrosion is more art than science but it is possible to identify indicators that could ultimately leading to state failure. The key, of course, in understanding the 'breaking point' whereby cascading series of fatigue striation would result in regime breakdown and collapse. Defining failed states, by one account, takes into consideration the following points: (1) central state apparatus is not able to sustain an 'effective monopoly of violence,' over its territory; (2) lacks a functioning and effective judicial system in safeguarding laws and promulgating judgments that are deemed as legitimate by the international community; (3) is either unable or unwilling to comply with and fulfil international obligations; and (4) is unable or chooses not to prevent various forms of transnational economic crime or uses its territory 'for the perpetration of violence against other states in the international system.'[42] Additionally, the inaugural study on failed states undertaken by Foreign Policy and the Fund for Peace in 2005 defined the phenomenon of failed states as follows:

A state is failing when its government is losing physical control of its territory or lacks a monopoly on the legitimate use of force. Other symptoms of state failure include the erosion of authority to make collective decisions, an inability to provide reasonable public services, and the loss of the capacity to interact in formal relations with other states as a full member of the international community. As suggested by the list of 12 indicators, extensive corruption and criminal behaviour, inability to collect taxes or otherwise draw on citizen support, large-scale involuntary dislocation of the population, sharp economic decline, group-based inequality, and institutionalised persecution or discrimination are other hallmarks of state failure. States can fail at varying rates of decline through explosion, implosion or erosion.[43]

By this definition, arguments could be made that both North Korea and Pakistan may be 'failing' rather than 'failed' states given that the two regimes (particularly North Korea's) doesn't seem to be in any imminent danger of collapse. For example, the Korean Workers' Party (KWP) under the leadership of Kim Jong Il (and his father before him, the late Kim Il Sung) has been in power since 1948 and contestations to Kim's one-man Stalinist rule have so far been unable to dent the regime in any serious manner. Resilience through state terror, a nation-wide security blanket, and decades of political indoctrination among other factors have led to North Korea's precarious survival. Moreover, vital Chinese aid in the form of grant assistance, oil, and food shipments have kept the regime afloat in addition to South Korean assistance to the North since the late 1990s. Thus, survivability of the North Korean regime *minus* external assistance from China and South Korea would be imperiled significantly. To date, there is no indication that China is contemplating any abrupt or even controlled dilution of economic or political support for North Korea, or for that matter, South Korea.

Graph 5: Acutely Failed States in Asia 2006

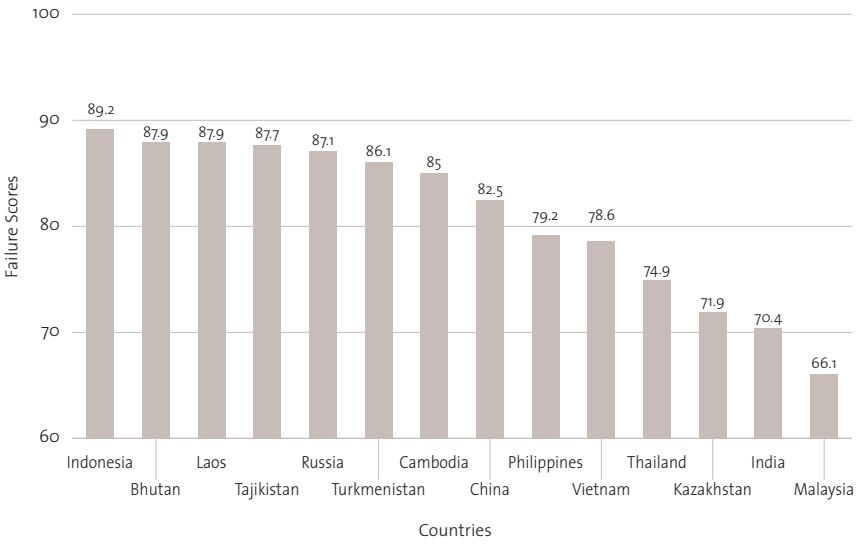


Source: Failed States Index 2006, *Fund for Peace/Foreign Policy. Failure Score based on aggregate of 12 variables: (1) Mounting Demographic Pressures, (2) Massive Movement of Refugees, (3) Legacy of Vengeance—Seeking Group Grievance, (4) Chronic and Sustained Human Flight, (5) Uneven Economic Development, (6) Sharp and/or Severe Economic Decline, (7) Criminilization or Delegitimization of the State, (8) Progressive Deterioration of Public Services, (9) Widespread Violation of Human Rights, (10) Security Apparatus as 'State Within a State,' (11) Rise of Factionalized Elites, and (12) Intervention of Other States or External Actors.*

That said, North Korea, writ large, exhibits many key features of a failed state: de facto economic collapse, criminalisation of the state, uneven development, pockets of famine, endemic corruption, forced migrations, and refugees. Estimates vary given the dearth of accurate statistics but there are least tens of thousands of North Korean refugees in northeastern China. In the mid- to late 1990s, more than a million North Koreans are believed to have died from famine and related deceases. Internal control remains draconian and Kim Jong Il continues to receive key support from the armed forces but it corruption is believed to be spreading in the KPA. As illustrated in Graph 3 on the previous page, of the top 30 states or those on the 'alert' list in the 2006 'Failed States Index' seven are Asian: Pakistan, Bangladesh and Nepal in South Asia, Uzbekistan and Kyrgyzstan in Central Asia, Myanmar in Southeast Asia, and North Korea in Northeast Asia. A number of other Asian states are categorised in the next grouping or those who are in the mid-range of failed states: Bhutan, Tajikistan, Turkmenistan and Cambodia among others. Clearly, the fact that China is ranked

57th or that India is ranked 93rd does not mean that either of these powers are on the precipice of collapse; only that prevailing socio-economic and political conditions could either retard severely prospects for sustained development or that they may lead to non-linear transitions under certain circumstances.

Graph 6: Mid-Range Failed States in Asia 2006



Source: Failed States Index 2006, *Fund for Peace/Foreign Policy.*

In the case of Pakistan, domestic stability remains a critical factor in tabulating the overall conditions for nuclear deterrence and the chances, however minute, of nuclear escalation in the event of a major, full-scale conventional war. While the correlation between acute state failure and the phenomenon known as the 'stability/instability' remains untested, the paradox is worth revisiting in the context of Pakistan's nuclear arsenal. The central tenet of this paradox is that a conventional conflict is unlikely to escalate into a nuclear exchange given the enormous costs of nuclear war, hence, strategic stability is maintained. Yet at the same time, by reducing the costs of conventional conflict, strategic stability also increases the likelihood of that conflict.[44] To date, a fairly wide-ranging consensus exists in both India and Pakistan that the paradox is likely to hold. A majority of Indian policy makers and strategic analysts believe strongly that if nuclear deterrence worked in the West throughout the Cold War, there is no reason to believe that it will not work in South Asia. Key officials have asserted that after Pakistan demonstrated itself to be a declared nuclear power, 'such a move has ensured greater transparency about Pakistan's capacities and intentions. It also removes the complexes, suspicions and uncertainties about each other's nuclear capacities.'[45]

Many other observers of South Asia's nuclear dilemma have asserted that strategic stability is likely to hold and that ultimately, nuclear deterrence between the two states amounts to a sub-regional variant of the Cold War US–Soviet doctrine of Mutually Assured Destruction. Diametrically views are also present. There are those who argue forcefully that contrary to conventional wisdom, the Indo–Pakistani nuclear standoff 'do not reduce or eliminate factors that contributed to past conflicts...Far from creating stability, these basic nuclear capabilities have led to an incomplete sense of where security lies.'[46] Moreover, achieving and maintaining strategic stability would also require second-strike capabilities which India and Pakistan are lacking in at the present time although sustained nuclear buildup could ultimately both sides to have rough parity by attaining second strike capabilities.

Nuclear weapons and Asian security options

It comes as no surprise that Asia's WMD futures depends critically on how the four major members of the nuclear club—three declared and one virtual breakout state—interacts not only amongst themselves but in their individual and at times collective interactions with the United States, Japan and the two Koreas. The linkage between nuclear weapons and regime survival—linked with although not necessarily the same as state survival—is most pronounced in the case of North Korea which further complicates the WMD map of Asia. Admittedly, Pakistan's and India's nuclear weapons also play crucial roles in bolstering regime prestige, coercive political leverage in select circumstances, and providing regime security in the broader sense of a security umbrella however vulnerable they may be to key undercurrents alluded to before. Yet in the case of North Korea, there is no discernable differentiation or distinction between state and regime survival. For Kim Jong Il, his immediate family, and a handful of the top nomenklatura, the ability of the regime to survive and prosper is synonymous with state survival. Should the regime falter, or in the worst case scenario (for Kim Jong Il) collapse, maintaining command and control integrity in addition to securing all nuclear and WMD facilities and arsenals is going to arise as the most important issue on the Korean peninsula together with avoiding accidental war or prolonged civil conflict and turmoil in the North.

The linkage between nuclear weapons and regime survival—linked with although not necessarily the same as state survival—is most pronounced in the case of North Korea which further complicates the WMD map of Asia.

Understanding the WMD profile map of the region thus represents a maze in more ways than one due to three major interlocking challenges. First, the lack of credible intelligence, particularly in the context of North Korea's WMD and nuclear weapons programs. All of the known and publicly available intelligence on North Korea's nuclear capability is based on a combination of best estimates and technical sources and even here, one can readily detect differences between US, South Korean, Chinese and Japanese assessments.

Overall intelligence vis-à-vis Iran's burgeoning nuclear program or for that matter, on India's and Pakistan's nuclear assets is highly unlikely to be considerably better than the case with the North although the world today knows significantly more about the Indo-Pakistani arsenals following their tests in 1998. Second, the range of WMD arsenals under consideration including nuclear, chemical and biological weapons in addition to ballistic missiles, means that even if one successfully 'isolates' the nuclear problem, it is intrinsically difficult since it has to be calibrated with other WMD assets. This is particularly true of North Korea. As the on and off Six Party Talks have shown, the basket-approach to negotiations, i.e., moving from one area to the next if discord persists in one 'basket' reminiscent of CSCE (renamed since as the OSCE) negotiations in the 1970s and 1980s, is not really duplicable. Third, contrasting political perceptions between all of the principal actors but particularly amongst allies. As a case in point, ROK–US relations have ebbed and flowed since the late 1990s but especially under the advent of the Roh Moo Hyun Government in March 2003.

While the most excessive expressions of anti-Americanism are no longer as pervasive as in the year 2002–2003, the critical point is the gap within South Korea and between South Korea and the United States on North Korea. As Gen. Leon J. LaPorte, then Commander of the US Forces Korea testified to the Congress in March 2003:

Many South Koreans under age 45, a generation that has lived in an era of peace and prosperity, have little or no understanding of the North Korean threat. These South Koreans perceive North Korea not as a threat but rather as a Korean neighbour, potential trading partner and a country that provides access to expanded Eurasian markets. *This perception of North Korea contrasts with America's view that North Korea is a threat to regional and global stability. This divergent view of North Korea, coupled with strong national pride, has been a cause of periodic tension in the Republic of Korea–United States alliance*...Demonstrations against American policy and military presence increased sharply during this year's Republic of Korea presidential election. Political interest groups made claims of inequity in the Republic of Korea–United States alliance a central issue in the presidential campaign.[47] (Emphasis added).

These challenges differ from sub-region to sub-region and from alliance to alliance but they cannot be ignored in assessing future paths of Asian WMD. Potent political forces and divides could become increasingly visible in handling Asian WMD issues, especially if the situation deteriorates markedly in North Korea or Pakistan. In this context, China's nuclear modernisation activities and North Korea's quest for nuclear weapons are sketched out in greater detail below.

China's nuclear modernisation

According to estimates made by the US Department of Defense in addition to open source estimates such as those made by the Carnegie Endowment and the Monterey Center for Nonproliferation Studies, China as of 2005 had a total of some 410 nuclear warheads that are believed to be divided into some 250 'strategic' maintained in a triad of land-based missiles, bombers, and SLBMs. In addition, China is believed to possess some 150 tactical nuclear weapons.[48] China's strategic nuclear forces are deployed in some 20 locations under the command of the Central Military Commission (CMC). For its part, the US Department of Defense recently noted that China is 'fielding more survivable missiles capable of targeting India, Russia, virtually all of the United States, and the Asian–Pacific theater as far south as Australia and New Zealand.'[49]

It is estimated that the PRC has some 20 or so ICBMs (the CSS-4 ICBMs); 100 are thought to be deployed on missiles and bombers. China's other strategic assets include the mobile DF-31 and the DF-31A ICBMs (IOC or Initial Operational Capacity by September 2007) and the sea-based JL-2 SLBMs (IOC October 2008).[50] The PRC also has the CSS-5 MRBMs for regional contingencies. To date, China has not publicly disclosed that it has tactical nuclear weapons, i.e., low-yield bombs, artillery shells, short-range missiles, atomic demolition munitions, etc., but the PLA is believed to be emphasising key precision strike capabilities including short-range ballistic missiles (SRBMs), land-attack cruise missiles (LACMs), air-to-surface missiles (ASMs), and anti-ship cruise missiles (ASCMs).

While the mission of constraining US operations in the Asia–Pacific region looms as a significant priority for the PRC's strategic forces, China's nuclear weapons also provides a critical dividend for its broader Asian strategy. Although Sino–Indian relations have improved over the past several years, China sees improved US–Indian ties and the July 2005 US–India

nuclear agreement as counterbalancing whatever advantages its strategic forces it could deploy against an Indian contingency or at the very least, containing more aggressive Indian forays in the Indian Ocean and the Bay of Bengal. In October 2005, China strongly criticised the United States for making an exception for India, i.e., accepting India as the sixth declared nuclear weapon state in exchange for India's selective opening up of civilian nuclear facilities to international and US inspection.[51]

Unsurprisingly, Indian strategists share a relatively broad consensus with mainstream US perceptions on China's core strategic objectives vis-à-vis East Asia. To be sure, divergences of views are very evident in India on China's strategic ambitions but many have voiced strikingly similar views on the broad contours of Chinese strategy aired in the West.

For instance, one recent analysis pinned down China's grand strategy in Asia on four main pillars: (1) regaining sovereignty over Taiwan; (2) expanding its military presence in the South China Seas; (3) inducing the withdrawal of forward positioned US forces from East Asia; and (4) keeping Japan in a state of perpetual strategic subordination.[52] Furthermore, it was noted that 'after East Asia, China has focused her undivided attention on South Asia. India's natural pre-eminence and strategic power potential is an anathema to China. In China's perceptions, India alone can challenge China's 'Grand Strategy' of emerging as the sole dominant power in Asia.[53] India's 'peaceful' nuclear explosion in 1974 was therefore premised on two fronts: the need to respond to China's own nuclear arsenals ever since it became a nuclear weapon state in 1964 and to forestall sustained Chinese support for Pakistan as the regional 'spoiler state' in challenging Indian supremacy in South Asia.

Although it goes without saying that India's own strategic ambitions compelled Pakistan to commit itself to a crash nuclear weapons program, it is also important to keep in mind that China played a key role in relaying crucial technology and know-how to Pakistan, in addition to North Korea and Iran. In November 2000, China announced its commitment to adhering to similar guidelines contained in the Missile Technology Control Regime (MTCR) provisions insofar as missile sales to third countries are concerned and published those regulations and guidelines in August 2002.[54] Of key concern is China's suspected transfer of nuclear and missile technologies to Pakistan, North Korea, and Iran. US intelligence confirmed publicly in September 1999, for example, that Pakistan obtained the M-11 SRBM from China and that a number of Chinese firms were suspected.[55] China's collaboration with North Korea on both nuclear and missile technologies has often aired key concerns secondary proliferation.

North Korea's quest for nuclear weapons

In what has become one of the longest running 'what if' nuclear gambits, North Korea's desire to acquire nuclear weapons and the counter-desire to denuclearise it by the international community is likely heading into a maelstrom. While it is impossible to verify fully if North Korea has nuclear weapons absent an underground nuclear test, a growing pool of open source intelligence estimates including a June 26, 2006 report released by the Institute for Science and International Security and buttressed by cautious official assessments, assert that Pyongyang probably has enough weapons grade plutonium to make up to 12 or so nuclear weapons. In October 2002, the Bush Administration assessed that North Korea was working on a Highly Enriched Uranium (HEU) nuclear weapons program in violation of the 1994 Agreed Framework. The world's last Stalinist state may have achieved the pinnacle of its decades-long strategic goal of becoming a nuclear weapon state.

In February 2005, the North Korean foreign ministry announced that it would 'bolster its nuclear weapons arsenal'—North Korea's first public admission that it had nuclear weapons. Pyongyang may have made this announcement as a bargaining ploy to extricate even more concessions from the five parties but especially from the United States. Stripped to its essential core, the North Korean nuclear quagmire boils down to a test of wills between Kim Jong Il and the rest of the world; namely, that if the acquisition of nuclear weapons is coterminous with regime survival nothing short of war or iron-clad resolve on the part of the other five parties is going to persuade him to rollback and give up his nuclear weapons.

From the onset, the North Korean nuclear crisis has had to contend with a fundamental dilemma. Taken to its logical extreme, if one assumes that a North Korea with nuclear weapons is detrimental to the security of South Korea, the United States, and Japan, it is not beyond reason that some type of a preemptive attack could be considered. Yet such action may very likely escalate into a full-scale North Korean retaliation and another catastrophic war. Thus, while it may be very unpalatable, many South Korean feel that living with a nuclear-armed North Korea is preferable to pushing the envelope that could lead to war. Avoiding war at all costs—even if North Korea has nuclear weapons—seems to be the preferred strategic calculus of the current South Korean government.

To be fair, the Roh Moo Hyun Government has said that a nuclearised North Korea is unacceptable. Yet at the very same time, the same government has intimated that seen from North Korea's perspective, it is not entirely unreasonable that they are pursuing a nuclear weapons program. On several occasions, President Roh has repeated Seoul's official position that 'a nuclear North Korea is unacceptable and neither would it be acceptable by the international community.'[56] At the same time, for example, his remarks in Los Angeles before the World Affairs Council on November 12, 2004 highlighted his nuanced thinking on the North Korean nuclear, i.e., that seen from a North Korean perspective, they are partially justified in the quest for nuclear weapons.

Even if the North has maintained a rigid stance on the issue, setting forth conditions that may be difficult to accept, it still would not necessarily mean that it has no intention of giving up the nuclear program; rather, their rigidity may be reasonably interpreted as motivated by their need to be assured about the safety of its system that might be endangered if it accommodates changes...*The North Koreans maintain that their nuclear weapons and missiles constitute a means of safeguarding their security by deterring threats from the outside. By and large it is hard to believe what the North Koreans say, but their claim in this matter is understandable considering the environment they live in.* We cannot conclusively say that Pyongyang is developing nuclear weapons to attack someone or to support terrorists...Of course, we can hypothesise the worst-case scenario. Nobody can be sure how North Korea will act if it comes under armed attack or if its system is endangered due to outside influence, and it can see no means to defend itself. But North Korea is expected to give up nuclear weapons if its security is guaranteed and if it sees signs of hope that reform and openness will be successful. (Italics added).[57]

President Roh's statements on North Korea's missile tests also attests to his bifurcated views which has surfaced time after time. For example, following the July 5, 2006 missile tests, Roh remarked that '[these tests] were not direct at anyone in particular' and that 'North Korea's test was a political gesture designed to apply pressure on the United States.' In a press conference that was held in Helsinki during the just concluded ASEM conference, President Roh stated that 'The Taepodong missile was too 'scrawny' to reach the United States, and too

large to target against the South.'[58] Furthermore, when Washington and Tokyo have warned of consequences such as taking the issue to the U.N. Security Council should Pyongyang conduct a missile test, Seoul has demurred. Indeed, many in Washington believe that even if North Korea launches the Taepodong-2, Seoul is unlikely to join in any meaningful sanctions. Given the depth of Seoul's commitment to sustained engagement as the sine qua non of inter-Korean peace, the logic of engagement seems to have permeated into two critical areas: objective intelligence collection and analysis and requisite deterrence and defence measures. Ever since the June 2000 South-North summit, public opinion in South Korea has been sharply divided on how to perceive North Korean intentions. North Korea has waged a very successful psychological campaign against the South, to the extent that it has hinted at a 'sea of fire' if the conservative party wins the presidential election in December 2007.

Four basic outcomes can be envisioned vis-à-vis Pyongyang's nuclear weapons: (1) it gives up its nuclear arsenal based on the September 2005 joint statement in the Six Party Talks; (2) North Korea walks away from the Six Party Talks, breaks the self-imposed moratorium on long-range missile tests, and for good measure, prepares for an underground nuclear test; (3) it maintains strategic ambiguity by not breaking off multilateral negotiations but marginalising them through a de facto South-North political entente; and (4) the regime collapses with the rise of a hybrid party-army leadership. Other permutations are possible but given the unique nature of the Kim Jong Il regime—the world's only Marxist dynasty—intra-family succession supported by the Korean People's Army probably means that without nuclear weapons, North Korea's ability to sustain a 'threat envelope' will be weakened considerably.

Negotiation proponents argue that with enough incentives and security guarantees, Kim Kong Il could emulate Libya's Qaddafi. But Qaddafi's oil enables him to maintain minimum living standards for Libyans—which practically guarantees his stay in power—whereas for Kim Jong Il, he has no choice but to go down the path of extensive liberalisation and reforms. If Kim crosses the denuclearisation Rubicon, he then has to make strategic choices in other critical fronts: structural economic reforms, downsizing of the armed forces, improved ties with his sworn enemies, and influx of foreign capital and competing ideologies. Ironically, the cascading consequences of dismantling his nuclear weapons could be as burdensome as retaining them.

One of the key points that often goes unnoticed is how differently the six parties perceive North Korea's nuclear program. The Bush Administration's tacit preference is probably self-inflicted regime change but so long as Kim reigns in the army and maintains iron-clad rule, sudden regime change is not around the corner. China's views are more nuanced and complex. Beijing is clearly irritated by Pyongyang's nuclear program but it also serves certain strategic dividends. It's not entirely unreasonable to assume that a North Korea which maintains nuclear ambiguity checks and constrains US and Japanese forays. For its part, Russia seems to be realising that having lost the Korean portfolio to the Chinese after the collapse of the Soviet Union, Moscow seeks to benefit from bolstering Pyongyang. Among the five parties, it is Japan that is perhaps most worried about a nuclear and ballistic missile prone North Korea. But if the Self Defense Forces ever needed a reason for robust modernisation and rejuvenation of the US–Japan alliance after the Cold War, North Korea continues to provide a tailored made rationale. Last but not least, South Korea stands to lose most from a nuclearised North Korea yet its leadership, at least as it is presently construed, continues to maintain ambiguity for which it may ultimately have to pay a high price.

Conclusions

As Asia heads into the 21st century, the region will continue to face an increasing array of 'out-of-area' and 'inward-looking' security challenges that will directly and indirectly affect the security choices and strategies of the great and middle powers. The key word is choice since none of the more pessimistic scenarios that have been outlined and examined in this paper are preordained. Indeed, as security challenges become increasingly transnational and multi-disciplinary given that no major security issue is today solely 'domestic,' one of the major difficulties Asian governments will face lies in the increasing need to consider the responses and attendant strategic priorities on the part of key regional actors as they craft their own national security policies. Maintaining a silo mentality is virtually impossible in an era of unparalleled information flows and political and economic transparency. Some of the more salient lessons one can discern from current and emerging trends in a strategic Asia includes a greater appreciation for avoiding new strategic rivalries whenever possible and the critical need in containing and restraining unbridled nationalism.

The abuse and downplaying of historical responsibilities is often cited as the key reason behind mounting friction and mistrust between Japan and her neighbours. As Abe Shinzo assumes the premiership and articulates new agendas and issues for Japan, one hopes that he will limit the more excessive expressions of Japanese nationalism. Notwithstanding Prime Minister Koizumi Junichiro's major legacies including the revival of Japan's dormant economy, major political reforms within and outside of the LDP, and strengthening of the US–Japan alliance, it was under his watch that Sino–Japanese and Korean–Japanese ties deteriorated to their lowest levels in recent memory. Notwithstanding Japan's emphasis on accentuating its strategic partnership with the United States, the quickest way to Beijing and Seoul does not mean through Washington as Prime Minister Koizumi liked to insist. But if Japan needs to square up to history and the painful legacies which remains, neither should other Asian powers exploit history for intrinsically domestic needs. The surges in Chinese and Korean nationalism maybe understandable and even desirable to domestic audiences but as the recent historical dispute between Seoul and Beijing has illustrated, the misuse of history is not a Japanese monopoly.

Given the litany of security challenges confronting Asia, many have argued that the region should emulate Europe, i.e., paying more attention to multilateral security approaches that has, for the most part, performed successfully in Europe. The ASEAN Regional Forum, APEC, or for that matter, the ASEAN Plus Three mechanisms have served to heighten awareness of a series of complex issues. But in the main, the magnitude of security problems confronting each of Asia's major sub-regions constrains the possibilities of alleviating or even fundamentally resolving key obstacles through multilateral or multinational fora. The exception is the Six Party Talks but notwithstanding the need to continue to push for a diplomatic solution to entice North Korea back into the negotiating table, prospects for the moment remains limited.

While the role of the United States has remained largely unmentioned in this paper, this is not to suggest that the US role in Asian security will decline. To the contrary, the US role has served as the critical 'security common denominator' throughout the post-World War II era. But just as Europe is slowly moving towards greater security autonomy within the broader framework of the Atlantic Alliance, many have argued that the process of 'Asianisation' of Asian security should be emphasised. To be sure, Asia's ability to forge an intrinsically 'Asian' security approach is currently constrained by widely different political heritages and security

concerns. While some cooperative measures have been taken active multilateral security cooperation in Asia remains limited. Yet any future move towards Asianisation must be inclusive and include the critical role of the United States.

The future of the major powers in Asia, principally the United States, China, Japan and India cannot but have decisive impacts on shaping Asian–Pacific security well into the 21st century.

The future of the major powers in Asia, principally the United States, China, Japan and India cannot but have decisive impacts on shaping Asian–Pacific security well into the 21st century. The United States, for reasons mentioned above, is the principal power that will serve to maintain a Eurasian balance but China's strategic clout is becoming increasingly important as Beijing's influence grows. Yet taming China's own strategic ambitions is going to emerge as a key regional security challenge that will involve all of the major powers, but especially the United States, Japan as well as India. An anti-China coalition is neither feasible or desirable but the preponderance of Chinese power and future choices by China's political and military leadership may, at the very least, lead to constraining strategies on the part of Asian states do avoid a revival of a Sinocentric world.

Finally, evolutions on the Korean Peninsula are likely to impact heavily the shaping of Northeast Asia's security futures. If the two Koreas are able to overcome their entrenched difficulties and institute a range of CBMs (including arms control mechanisms), strategies and policies of the major powers cannot but change. But if history can serve as a guide, negotiated settlements leading to peaceful evolutions between rival powers are rare and rarer still in the Asian context. In the brave new world of Asia, how Northeast Asia tips may well be measured by the degree to which all of the regional powers can manage potentially volatile transitions on the Korean Peninsula based on structural fatigue and attendant consequences in North Korea.

Endnotes

1 John D. Negroponte, *Annual Threat Assessment of the Director of National Intelligence for the Senate Select Committee on Intelligence*, (Washington, D.C.: Office of the Director of National Intelligence, February 2, 2006), p. 1.

2 Tyler Marshall, 'The Price of Asia's Growth,' *Los Angeles Times*, November 6, 2005.

3 Quoted in Seth Mydans, 'As an Asian Century is Planned, U.S. Power Stays in the Shadows,' *The New York Times*, December 13, 2005.

4 Ibid.

5 Kishore Mahbubani, 'The Great Powers and Asia,' *Global Forces 2005: Proceedings of the ASPI Conference*, (Canberra, Australia: The Australian Strategic Policy Institute, 2006), p. 14.

6 *Human Security Report 2005: War and Peace in the 21st Century*, (New York, N.Y.: Oxford University Press for the Human Security Centre, University of British Columbia, 2005), pp. 17–18.

7 Ibid. p. 25.

8 According to the 'Advance Democratic Values, Address Nondemocratic Countries, and Enhance Democracy Act of 2005' (or referred to as the 'Advance Democracy Act of 2005), 'there is a correlation between nondemocratic rule and other threats to international peace and security, including war, genocide, famine, poverty, drug trafficking, corruption, refugee flows, human trafficking, religious persecution, environmental degradation, and discrimination against women,' and further, that 'wars between or among democratic and nondemocratic countries are commonplace, with nearly 170,000,000 people having lost their lives because of the policies of totalitarian governments.' US Senate, 109th Congress, *Advance Democratic Values, Address Nondemocratic Countries, and Enhance Democracy Act of 2005*, (Washington, D.C.: US Senate, March 3, 2005).

9 Data from *World Development Indicators Database*, World Bank, 1 July 2006 and *The World Factbook 2005*. www.cia.gov/cia/publications/factbook/rankorder/2001rank.html

10 Dominic Wilson and Roopa Purushothaman, 'Dreaming With BRICs: The Path to 2050,' *Global Economics Paper No. 99*, 1 October 2003, p. 4.

11 Ibid.

12 *Press Freedom 2005*, (Reporters Without Borders), http://www.rsf.org/IMG/pdf/CM_2005_As_Eng.pdf

13 'Measuring Globalization: The Global Top 20,' *Foreign Policy*, (May/June 2005), p. 55.

14 *The 2005 Transparency International Corruption Perceptions Index*. www.infoplease.com/ipa/A0781359.html

15 Kishore Mahbubani, 'The Great Powers and Asia,' p. 15.

16 *The Military Balance, 2004–2005* (London: IISS, 2005), p. 321.

17 Ashley J. Tellis, 'Military Modernization in Asia Overview,' Ashley J. Tellis and Michael Wills, ed., *Strategic Asia 2005–06: Military Modernization in an Era of Uncertainty*, (Seattle, WA: National Bureau of Asian Research, 2005), p. 6.

18 Richard J. Ellings and Aaron L. Friedberg, *Strategic Asia 2001–02: Power and Purpose*, (Washington, D.C.: The National Bureau of Asian Research, 2001), p. 11.

19 Ashley J. Tellis, 'Military Modernization in Asia,' in Ashley J. Tellis and Michael Wills, eds., *Military Modernization in an Era of Uncertainty*, (Washington, D.C.: The National Bureau of Asian Research, 2005), p. 12.

20 Zalmay Khalilzad, et. al., *The United States and Asia: Toward a New U.S. Strategy and Force Posture*, (Santa Monica, CA: RAND, MR-1315-AF, 2001). p. 7.

21 Minxin Pei and Michael Swaine, 'Simmering Fire in Asia: Averting Sino–Japanese Strategic Conflict,' Carnegie Endowment for International Peace, *Policy Brief*, no. 44 (November 55), pp. 2–3.

22 Paul Bracken, *Fire in the East: The Rise of Asian Military Power and the Second Nuclear Age*, (New York: HarperCollins Publishers, Inc., 1999), p. 79.

23 Ellings and Friedberg, *Strategic Asia 2001–02*, p. 23.

24 See Lt. Col. Dennis J. Blasko, 'Chinese Army Modernization: An Overview,' *Military Review*, (September–October 2005), http://usacac.leavenworth.army.mil/cac/milreview/download/English/SEPOCT05/blasko.pdf

25 *Annual Report to Congress, The Military Power of the People's Republic of China 2005*, (Washington, D.C.: The Department of Defense, 2005), p. 26.

26 Ibid.

27 Blasko, 'Chinese Army Modernization: An Overview,' p. 69.

28 Mary Fitzgerald, 'China's Evolving Military Juggernaut,' *China's New Great Leap Forward*, (Washington, D.C.: The Hudson Institute, 2005), p. 42.

29 *Annual Report to Congress, The Military Power of the People's Republic of China 2005*, p. 12.

30 *The Military Balance 2004–2005*, (London: IISS, 2005), p. 161.

31 Richard Fisher, Jr., '2005: A Turning Point for China's Aircraft Carrier Ambitions,' January 8, 2006. www.strategycenter.net/printversion/print_pub.asp?pubID=87

32 Lyle Goldstein and William Murray, 'Undersea Dragons: China's Maturing Submarine Force,' *International Security*, vol. 28, no. 4 (Spring 2004), p. 194.

33 James F. Hoge, Jr., 'A Global Shift in the Making,' *Foreign Affairs*, vol. 83, no. 4, (July/August 2004), p. 56.

34 Stephanie Lieggi and Mark Wuebbels, 'Will Emerging Challenges Change Japanese Security Policy?,' *Issue Brief*, Center for Nonproliferation Studies, Moneterey Institute of International Studies, December 2003. www.nti.org/e_research/e3_37a.html

35 Ibid.

36 Yumi Hiwatari, 'Japanese Defense Strategy for the 21st Century,' October 19, 2005. web.mit.edu/ssp/fall05/Hiwatari.htm

37 David Fouse, 'Japan's FY 2005 National Defense Program Outline: New Concepts, Old Compromises,' *Asia–Pacific Security Studies*, vol. 4, no. 3 (March 2005), p. 1.

38 *Annual Report 2005*, (Tokyo: Japan Defense Research Center, 2005), p. 14.

39 Ibid.

40 See Paul Bracken, 'The Second Nuclear Age,' *Foreign Affairs*, (January/February 2000), vol. 79, no. 1. Bracken defines the second nuclear age as 'the rise of Asian military power heralds the beginning of a second nuclear age as different from the first, that of the Cold War, as that contest was from World War II. The world that the West created is being challenged—not just in military ways but in cultural and philosophical terms as well. Just as Asia began asserting itself economically in the 1960s and 1970s, it now does so militarily, backed by arms that would make Western interference in Asia far more treacherous and costly—even in peacetime than ever before.'

41 Key analysts argue that unless the Pakistani army somehow fragments beyond repair and is replaced by a rogue regime, 'the likelihood of the unauthorized possession of Pakistan's nuclear weapons infrastructure is extremely small.' See Sumit Ganguly, 'Beyond the Nuclear Dimension: Forging Stability in South Asia,' *Arms Control Today*, (December 2001). www.armscontrol.org/act/2001_12/ganulynov01.asp

42 The Failed States Index by Foreign Policy and the Fund for Peace, July/August 2005. www.foreignpolicy.org

43 S. Paul Kapur, 'India and Pakistan's Unstable Peace: Why Nuclear South Asia is Not Like Cold War Europe,' *International Security*, vol. 30, no. 2 (Fall 2005), pp. 127–28.

44 Statement made by J.N. Dixit in 2002 prior to becoming national security advisor to Indian Prime Minister Mammohan Singh. Cited in Michael Krepon, 'The Stability-Instability Paradox, Misperceptions, and Escalation Control in South Asia,' in Michael Krepon, Rodney W. Jones, and Ziad Haider, (eds.), *Escalation Control and the Nuclear Option in South Asia*, (Washington, D.C.: Henry L. Stimson Center, 2004), p. 5.

45 Statement by Neil Joeck, ibid., p. 6.

46 Statement of Leon J. LaPorte, Commander United Nations Command, Commander, Republic of Korea–United States Combined Forces Command and United States Forces Korea Before the 10th Congress, Senate Armed Services Committee, Washington, D.C., March 13, 2003, pp. 3–4.

47 'Chinese Nuclear Stockpiles and Deployments,' Monterey Center for Nonproliferation Studies. http://www.nti.org/db/china/wdepdat.htm

48 *Annual Report to Congress, The Military Power of the People's Republic of China 2005*, p. 28.

49 Ibid.

50 More recently, however, the US–India deal has faced key hurdles from the US Congress and the Bush administration has insisted that India cannot pursue the same nuclear policy as the five declared nuclear powers. For more details, see Brahma Chellaney, 'Vaunted U.S.–India Nuclear Deal Begins to Fall Apart,' *International Herald Tribune*, 13 February 2006.

51 Subhash Kapila, 'China's Grand Strategy and Military Modernisation,' South Asia Analysis Group, Paper no. 642, 26 March 2003. http://www.saag.org/papers7/paper647.html

52 Ibid.

53 Shirley A. Kan, 'China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues,' *CRS Report for Congress*, (Washington, D.C.: Congressional Research Service, 4 April 2005), p. 2.

54 Ibid., p. 10.

55 'President Roh Says 'Nuclear North Korea Absolutely Unacceptable,' *The Chosun Ilbo*, December 3, 2004, www.chosun.com/politics/news/200412/20041220030147.html

56 The African Studies Centre, Leiden, the Transnational Institute, Amsterdam, the Center of Social Studies, Coimbra University, and the Peace Research Center-CIP-FUHEM, Madrid, *Failed and Collapsed States in the International System*, December 2003, p. 4.

57 Address at a Luncheon Hosted by the Los Angeles World Affairs Council by President Roh Moo Hyun, November 12, 2004. www.english.president.go.kr/warp/app/en_speeches

58 'President Roh: 'North Korea's Missile Too 'Scrawny' to Reach the United States,' *Hankyore Shinmun*, September 25, 2006.

CRESCENT OF CRISIS: PROSPECTS FOR THE GREATER MIDDLE EAST

Philip H Gordon

The title of this panel is, 'Crescent of Crisis', and maybe I'll start by just a word on that. Last year we ran a project and wrote and edited a book, a volume called *The Crescent of Crisis* in which we brought together some top specialists on the Middle East. We met in Paris and we looked at Israel, Lebanon, Syria, Iran, Iraq, Afghanistan, Pakistan—it really is a geographic arc of crisis, to go back to Brzezinski's term of nearly 30 years ago—and assessed this question of prospects for the greater Middle East. Since we met in Paris we called it the '*Croissant* of Crisis Project'—but frankly that was about the only thing funny about it because in all seriousness the prospects did not seem very good at the time, and I'm afraid I'm here to say today that they don't look terribly good now.

What I will try to do is begin with a snapshot of what the Middle East looks like now and why I suggest that the prospects aren't very good.

What I will try to do is begin with a snapshot of what the Middle East looks like now and why I suggest that the prospects aren't very good. If you will permit, I will do that from a US point of view, which I think is legitimate, partly because the US plays such a central role in what's going on in the Middle East, and partly because maybe I have a bit more light to shed on that coming, as I just have, from Washington.

What's the snapshot? In Iraq we have an incipient civil war, dozens of Iraqi civilians dying every week, 140,000 US troops trying to prevent it from becoming a fully fledged civil war, possibly failing, and spending almost 300 million dollars per day in their efforts to do so. Next door in Iran we have a fundamentalist Islamic regime more secure in its power than ever, defiantly pursuing a nuclear weapons program. Iran is spreading its influence throughout the region, in Iraq, Afghanistan, Lebanon, Palestine, and raising the spectre of a very serious Sunni-Shi'a split that could even become a violent, and already is violent in Iraq and elsewhere.

In Palestine, the Palestinian Authority, we have an elected government that openly supports terrorism and violence, calls for Israel's destruction, supports suicide bombing. No peace process exists between Israel and its Arab neighbours. In Lebanon, an already fragile government has further been destabilised by the recent war between Hezbollah and Israel, from which Hezbollah emerged strengthened—whatever happened on the ground, it emerged as heroes to many in the Muslim world. In Syria, we still have an anti-American dictatorship, Damascus the home to a range of terrorist groups and a country that maintains very close ties to Iran. In Afghanistan, the Taliban are making a comeback and violence is increasing, opium production is up 50% over last year.

In Turkey there is a renewed violent campaign by the PKK, Turkish–US relations are strained and Turkey's path to the European Union seems to be in trouble. In Pakistan we have a dangerously unstable situation, repeated attempts at the life of President Musharraf, and the spectre of an unstable Islamist nuclear power. In Saudi Arabia, Egypt and Jordan, the process of democratisation that some seem to think or hope for in 2005 has clearly stalled, which, frankly, maybe a good thing because on past evidence in Iraq and in Palestine, free elections would produce a victory for Islamists, if not for those supporting terrorism.

So that's a quick snapshot of the greater Middle East. I think you get the picture, and it's not a terribly pretty one. It suffices as a partial answer to the subtitle of this presentation about the prospects for the greater Middle East. But I owe you a bit more than just a snapshot and what I would like to try to do is look a bit more in detail at some of these situations and the trends that are underlying them. Taking a step back again, if you will permit it, in the context of US foreign policy and the way the US is approaching the region, going back to 9/11, the fifth anniversary of which we just observed, and asking what went wrong. Why does this region seem to be even more troubled than it was five years ago? What are the sources of the crisis in the region and is there anything we can do to make it better—'we' collectively—or at least to avoid making it worse?

So let's go back, if we might, five years to 9/11, which is when the United States and the world over woke up to the degree to which the greater Middle East was in trouble, and look at the evolution of the situation on the ground and our dealings with it. From a US point of view what happened after 9/11 was that the 'old deal' we had with the greater Middle East and its leaders ended. By 'old deal' I mean an American approach to the region that basically said to the governments in the region, 'If you sell us oil, purchase our weapons and don't undermine the general stability of the region you can govern your countries pretty much the way you like'. I don't want to caricature too much but that was the basic summary of US policy—we wanted stability, and stability meant no clashes between states and what happened internally was really their business.

I think after 9/11 Americans decided that that this approach was no longer in our interest, that the consequences of the old deal made America unsafe and that the autocracies with which the United States maintained such good and strategic relations were actually creating circumstances that threatened our own and global security and actually further undermined the situation in the region. The lack of freedom and democracy was producing a lot of resentful, angry young men, some of whom turned to terrorism, and if they couldn't topple their own dictators directly they would attack western and international targets, including in the United States.

I have just finished reading Lawrence Wright's book, *The Looming Tower*, which I highly recommend to those of you interested in this question. It's the story, after five years of research, of the Al Qaeda organisation and its origins, and it really gives you a good sense of the feelings of humiliation and frustration of a lot of these angry young Muslim men who saw after the colonial period ended the hope placed in secular, nationalist, socialist regimes and how that hope faded as those regimes became corrupt, authoritarian and, frankly, in many cases failed. Consider the comparison between the Middle East and other parts of the world—for example as we were discussing earlier the rise of Asia, which spectacularly succeeds and surpasses the Middle East. In the region itself, Israel, which 60 years ago doesn't even exist, suddenly exists, becomes more powerful and rich than all of its neighbours, with western support. All of that creates enormous frustration, indeed even

humiliation, among many in the region and leads in certain quarters to the notion that 'Islam is the solution', and even a justification for violence.

It was one thing to support the possible hypothetical preemption or the notion of spreading democracy in general, but it was quite another to actually physically go and try to transform the region as the United States did with the invasion of Afghanistan, and, even more importantly, the invasion of Iraq.

That is the sort of realisation that I think struck many in the West, certainly in the United States, certainly in the Bush Administration, which decided that the only way to make the United States and the world safe, and the Middle East safe and at peace, was to transform it. Thus you got, in 2001, 2002, the so-called 'Bush doctrine', the notion that America was at war, that it had to go on the offensive, possibly pre-empt, and perhaps, most importantly, that spreading democracy and freedom to this part of the world was necessary to make the world safe. This wasn't an entirely new US foreign policy, the United States had always been relatively unilateralist, often assertive, always supportive of democracy—but it was new in the sense of the degree to which it went. It was one thing to support the possible hypothetical preemption or the notion of spreading democracy in general, but it was quite another to actually physically go and try to transform the region as the United States did with the invasion of Afghanistan, and, even more importantly, the invasion of Iraq.

That was the plan five years ago—but as my snapshot suggests it doesn't seem to be working as planned, and it may be worth a bit as an explanation as to why. The administration and its supporters, of course, would assert that you just need time, and that transforming the greater Middle East is something that can't be done in a few years. We just need to keep at it. Others, in a critique that's emerging from the right of the Bush administration, say that Bush's approach to the Middle East is more or less right but it needs more energy and resources. That's the line of former Speaker of the House Newt Gingrich and others who see what is going on now in the world as an incipient World War III, and we need to think of it as such. Gingrich says that we need more 'energy, resources and intensity'. Bush is right, Gingrich says: his strategies are 'not wrong but they're failing'.

I'm afraid I think the problems in the region are greater than that and even with more US energy and intensity we would be destined to fail. Let me pick that up by looking at some of the particular challenges—again, I can only be brief on some of these but I want to separate them out, mention a few particular ones and hopefully we can come back to any of them in the discussion. Beginning with Iraq, the initial assumption of the administration was that Iraq would be the key to the rest of the region, but in a positive sense. We know that the particular justification of the Iraq war was the weapons of mass destruction issue but behind that was a much greater idea which was that toppling Saddam Hussein and installing a democracy in Iraq would lead to democratisation throughout the region, which links back to what I described as the 'Bush doctrine', as the key to peace, eliminating the source of frustration and humiliation of the people.

It was supposed to have a positive and a negative effect. The negative effect would be to send a message to other dictators in the region that they'd better get with the program and respect American power. The positive message was to be to create a decent democratic society in Iraq that would be a model and an inspiration for neighbours. This would also, according to the theory, lead to peace between Israel and its neighbours. You remember the phrase about the road to peace in Jerusalem passing through Baghdad as the Palestinian side would also come to respect US power.

Of course, none of this has happened and instead of the model democracy that was supposed to be created in Iraq we have a bleeding, open wound which is sapping American strength and morale and providing inspiration and training to Jihadists. There's a great debate in Washington now about whether the Iraq war was a good idea badly implemented, with all the critiques of planning and how it was gone about, or simply whether it was really fundamentally impossible to transform Iraq and turn it into a democracy. I have to say I am more or less in the latter camp. That is not at all to question or to doubt the critique of the mistakes that were made, and again, put on your reading list Tom Ricks' *Fiasco*, the *Washington Post* journalist, and Michael Gordon's *Cobra II*. Especially when you read *Fiasco* you can no longer doubt that mistakes were made.

But that doesn't necessarily lead to the conclusion that had they not been made everything would have turned out fine. I think when you step back and look at the situation that we were trying to address, thirty years of dictatorship, competing ethnic and religious groups, neighbours who want to have an influence, understandably, in this important country, unevenly distributed resources—that is to say oil in some parts of the country but not in others—and a deep resentment of westerners and foreigners, the idea that even if we had gotten everything right, whatever that means, could have produced the stable democracy we wanted I think is seriously to be questioned. That debate will go on, you can never win it or prove your point, but I think more Americans are now coming around to the view that the bar was set too high and we couldn't actually do what we set out to do.

Is the failure in Iraq definitive and is civil war inevitable? I still don't think so. But it is true, and we have to be honest, that the problem has now evolved from a largely anti-American insurgency—which still goes on—into an incipient civil war. Even President Bush has really stopped claiming progress in addressing these issues and is simply asserting now that to leave would make the situation even worse. I fear he is right about that. Success, if you redefine success to just a minimum of stability, I think is still possible—but so, frankly, is total failure with all sorts of consequences for the region.

This brings us to Iran, because the things are related. Before the Iraq war it was Iran that was worried. There was rising opposition to the regime and the Iranian regime in 2002 was putting out feelers to the United States about a possible new relationship. Now I think the situation has been reversed, partly because of consequences in Iraq, and everything seems to be going Iran's way. Knowingly or not, the United States did Iran an enormous favour: it got rid of Iran's rivals and enemies to the east in Afghanistan, and then it got rid of Iran's rivals and enemies to the west in Iraq, effectively putting Iraq under the influence of the majority Shi'a and therefore of Iran. It's like a gift from Washington. Americans had persuaded themselves that because the Iraqi Shi'a had fought with Iraq during the Iran–Iraq war, that they would be more Iraqi than Shi'a and Iranian influence would be limited. That view, in retrospect, turns out to have been quite naive and getting rid of the Sunni minority

government in Iraq has inevitably lead to the rise of the Shi'a, who are in fact close to and significantly supported by Iran.

With the US entirely bogged down militarily in Iraq, oil at $60 a barrel, Iraq under Iranian influence, Iran really feels the wind at its sails. It is true that the price of oil has fallen about $10 a barrel over the past month or so, but it's still $40 a barrel more than it was when this all started. If Iran is producing four million barrels a day, that's US$40 million per day for every 10 additional dollars per barrel that you get. If it's $40 per barrel more than it was before, that's a very rough estimate of over $50 billion per year for Iran. You can have an awful lot of influence in the region and the world with an extra $50 billion.

United States policy toward Iran has evolved significantly, and I think wisely.

United States policy toward Iran has evolved significantly, and I think wisely. It has moved along a spectrum from a few years ago where the attitude was: 'Iran is part of the axis of evil, we will not reward bad behaviour. Our power will transform this regime', to a recognition that that's not going to have any effect. Now the US has progressed significantly in the direction of being willing to provide incentives and direct talks with Iran. But, frankly, under the circumstances I just described there's no evidence that that is actually paying off and that Iran is willing to play ball. The UN Security Council just last week extended the deadline yet another time for Iran to suspend uranium enrichment and there seems very little reason for Iran to really back down. So let's be clear, we're talking about nuclear proliferation in the Middle East. If Iran gets nuclear weapons I think all bets are off in the region: Saudi Arabia, Egypt, Turkey... If you think it through, if the international community is willing to allow Iran to have nuclear weapons, who is it not going to be willing to allow to procure nuclear weapons? This would have a very serious impact on the region and on the dynamic I described before about the Sunni-Shi'a split. If you're a Sunni government or regime in the region and you see the Shi'a in Iran becoming a nuclear state, I think you have to think about your own attitude towards nuclear weapons as well.

Nor are prospects for Israel particularly good. Arguably, they're as bad as they've been since 1967. When it came into office, the Bush Administration decided that its initial policy on Israel would simply be to do the opposite of what the Clinton Administration did. Bush came in, was determined not to get bogged down in endless negotiations over an Arab–Israel peace, and concluded that the way to bring peace in the Middle East between Israelis and Palestinians was to show American strength, strongly back Israel and support democracy in the region. Well, we supported democracy in Palestine, we supported free elections, and what we got was a Hamas-led government that doesn't recognise Israel and supports violence against it and the peace process seems to be dead. Even worse, on the northern front, which we had neglected for a while, Hezbollah laid a trap for Israel with the killing and capturing of Israeli soldiers and Israel fell right into it, with US support. A bombing campaign that was driven more by an attitude that Israel had to 'do something' than by any coherent strategic plan has led to the empowerment of Hezbollah within Lebanon and throughout the region and a much more united Muslim world against Israel and the United States. Instead of

the Sunni world worrying itself about the rise of Iranian Shi'a-supported Hezbollah, the Sunni world turns on Israel, turns on the United States, and we have an even greater problem on our hands.

In Lebanon itself, prospects and trends are also not particularly good. They had been quite good under the leadership of prime ministers Rafik Hariri, rebuilding the country and overcoming decades of civil war. Even after Hariri's tragic assassination there were signs of hope, with millions of Lebanese pouring into the streets, the UN Security Council coming together to demand that Syrian troops withdraw from the country and progress being made towards a stable, truly Lebanese government. I'm afraid that the Israel–Hezbollah clash over the summer has set that back. A million displaced Lebanese, damaged and destroyed homes, $3½ billion worth of infrastructure destroyed, $2½ billion in capital flight, huge immediate aid needs and massive lost revenues due to problems for the economy and tourism. On top of that is the strengthened role of Hezbollah in Lebanese politics and a potential return to the instability of the past, all of which is vividly illustrated over the past week with the duelling demonstrations between Hezbollah and the Maronite community.

Hopes in Syria have also been dashed. There were many hopes that the younger Assad, Bashar al-Assad, who had studied in London, would be the sort of reformer that the Americans and others wanted to see in the region. Instead, Syria continues to support anti-Israel terrorist groups out of Damascus and the western international isolation of Syria has led only to its embrace or partnership with Iran and continued support for Hezbollah. It raises the question of the international approach to these different problems when they're all put into the same camp and no choices are made. You can't engage with the Syrian regime and promote democracy in Syria at the same time.

In Afghanistan, I'm afraid the trend is also not particularly good. The line in Afghanistan, which I visited last December, had been that the situation was bad, because the baseline was so poor, but that the trend was good. The US commander in the region, Karl Ikenberry, likes to say, and still says, when you think about Afghanistan don't look at the picture, look at the movie. Sadly, I think while that was probably true a year ago the movie doesn't look very good either now. Suicide bombings, which were virtually unheard of in Afghanistan in the first few years of the international presence, are now proliferating. More than three-fourths of all suicide bombing in Afghanistan since the war in 2001 have taken place over the past year. In other words, in 2002, 2003, 2004, even through half of 2005, they were not a significant occurrence; since the summer of 2005, more than 75% of them have gone off. The Taliban, which once seemed destroyed, is resurgent. Poppy production is up by 50%. NATO is doing a valiant job trying to keep a lid on the violence but troop commitments are falling short.

There are a number of countries I haven't yet talked about, and won't for reasons of time: Egypt, Saudi Arabia, Jordon, Gulf States, Pakistan. But I do think it's fair to say across the board there that while none of those are as visibly and immediately unstable as those that I've been speaking about there is no reason to believe that things are moving in a positive direction in any of them. The democratisation that seemed to be happening now seems to have been a mirage or something done in order to keep the Bush administration temporarily happy. I can say that a senior colleague of mine at the CIA says of all of the countries that I have mentioned briefly or at more length, it is Pakistan that is the one that most keeps him up at night.

Instead I will conclude not with a detailed plan for solving these but with some brief thoughts on how to think about these issues.

All of that is a way of, again, answering the subtitle in this presentation and a way of saying that the prospects for the greater Middle East are not very good. And this is the point in the talk where I'm tempted to say that the rest of my speech is a detailed plan for resolving all of these problems...but we are unfortunately out of time and I won't be able to share that with you this morning. That is what I would like to say but I don't suppose that would be fair and I owe you a bit more than that. Instead I will conclude not with a detailed plan for solving these but with some brief thoughts on how to think about these issues.

Firstly, and this is banal but it's also true, we do have to be patient. The greater Middle East that I've described really is in deep-seated crisis and these problems are not going to be fixed tomorrow. There was initially much American impatience and optimism, partly as a result of this great decade we had in the 1990s when we were growing militarily and technologically and economically and our enemy disappeared—Americans always want to look positively at the future—but 9/11 happened to come at a moment when we actually thought we had good reason to believe that we were capable of transforming the world. Americans are starting to doubt that now. So we do have to be patient on this.

A somewhat more hopeful sign than everything I've said so far is that in the long run one part of this problem—Islamism, Jihadism, whatever you want to call it—is an ideology that will fail in the long run, as other extremist ideologies have failed. Communism was another utopian ideology that we had to face. It was a great challenge. We felt for many years early in the Cold War that it was insurmountable, that communism was rising, and we didn't know what to do. But in the end it did fail. People who practised it realised it was failing and they got rid of it. It took 70 years though and I think that's what we have to accept here as well. We're talking about a generational problem rather than something we can fix in a couple of years. But we should be a bit more hopeful than we sometimes get on the heels of presentations like the one I've just made. I really don't think that returning to seventh century utopia on the Arabian peninsula is going to be the thing that persuades this swathe of humanity that that's the way that they want to live. Where political Islam has been tried in places like Iran and Sudan it already has failed and become unpopular. I think if we stick to our guns and believe in our own ideology we can have a little bit more hopeful attitude about some of this, but we have to realise that it may take some time and some disagreeable things may happen in the meantime.

Second, and I've alluded to this before, I would say we have to think about this greater Middle East not as one crisis but as a number of different ones. I think that is helpful both conceptually and in terms of the policies that we pursue. The Bush administration approach seems to lump it all into one problem and you get all these references to 'the enemy' or 'the war that started on September 11th 2001', or 'Iraq as the central front in the war on terror', as if everything that I've described here is just one single problem. But as I suggested already, it clearly isn't. You have Sunni and Shi'a fighting each other in Iraq, you have Arabs and

Persians who are historic rivals, you have groups like Hezbollah and Hamas which have very specific national aims that don't necessarily have to do with the broader picture, you have autocratic secular regimes and you have Islamist non-state actors. They're all very different problems. If you see it all as one problem and you have to defeat that problem then you're failing to decide what's most important to you and in your desire for consistency you're unable to make compromises with some pure approach and deal with problems in a more pragmatic way.

Third, I think we can no longer afford to remain immobile on the Arab–Israel front, and immobile is pretty much what we have been for the past five years or so. A more engaged policy on Arab–Israel peace might not work—it didn't work when the Clinton administration tried it and it might not work now. But we shouldn't underestimate the cost of appearing indifferent on this problem. I think Americans tend to argue—to be sure with some justification—that even without the question of Israel and Palestine there would be terrorism, there would be Jihadism. 9/11 was planned during very serious Palestinian–Israeli negotiations, that's true, but that shouldn't be an excuse for not being engaged in trying because the reality is that this is fuel for the broader conflict. I described some of the ways in which it caused different problems for us before, as with Hezbollah or as with the broader Al Qaeda phenomenon, and I think it is absolutely essential, with US leadership and support from others around the world, to do more and not pretend that it somehow doesn't matter what's happening between Israel and Palestine. Frankly, even trying and failing would be better than not trying at all.

Finally, I've been talking a lot about the United States here, for reasons that I tried to justify, but I would end by emphasising the role of the entire international community on this set of problems. None of the problems that I address can be handled by the United States alone, contrary to what many Americans may have thought a couple of years ago and would still like to believe. Only a united international front can offer the right package of carrots and sticks to deal with the uranium nuclear program; only a united international front with legitimacy and resources and commitment can provide adequate support for the government of Iraq; only an international united front with legitimacy and resources and troops can provide adequate support for the government of Lebanon; only a united international front with all of those things can provide the troops and the finances to win in Afghanistan. So whatever you think of US policy over the past couple of years, the reality is that this is a region that affects everybody all around the world, including, it goes without saying, Australians—with their global economic interests and their desire to ensure the security of their citizens and their values and their humanitarian concerns. In that sense, Australians and everybody have a huge stake in all of the great problems that I've discussed.

TRICKY TRIANGLE: THE US–CHINA–JAPAN RELATIONSHIP

Xiao Ren

The US–Japan–China relationship is clearly a crucial great power relationship in the region. It is the foundation of Asian stability and you would never overestimate its importance. We have reasons, and I am delighted to say that, to be more hopeful than in the Middle East.

The US–Japan–China relationship is clearly a crucial great power relationship in the region. It is the foundation of Asian stability and you would never overestimate its importance.

Firstly, US–China relations have been relatively stable in recent years. Almost a year ago, or I think exactly a year ago, the US Deputy Secretary of State, Bob Zoellick, gave an important speech in New York. In that speech he spoke of the vision and hope of China as a responsible stakeholder in the global system. I think it is a very important speech. Interestingly, this new term of 'responsible stakeholder' has also been written down in the recent US *National Security Strategy Report* 2006 as well as in the new *Quadrennial Defense Review* (QDR) report. It seems to be a new consensus in the Bush Administration.

Recently, the Deputy Assistant Secretary of State, Tom Christensen, who is responsible for China affairs in the Bureau of East Asian and Pacific Affairs, came to Shanghai and I joined in a lunch with him. We also talked about this new development. Last month he appeared before a Congressional committee for a hearing and in his testimony he, of course, spoke about Chinese affairs and reiterated the responsible stakeholder thesis. He emphasised that China's global emergence is a natural consequence of its economic growth and development and may not be seen as a threat to the United States. He goes on and says, 'I think China increasingly recognises this interest and we are making progress in many areas of mutual concern'. I think this is a fairly balanced view of China, a fairly balanced assessment of the current US–China relationship.

I think fundamentally America's national interest is that China not become a threat to the United States, or a competitor of the United States ...

I think fundamentally America's national interest is that China not become a threat to the United States, or a competitor of the United States, and presently the United States should engage with China and help China to become a responsible stakeholder in the global system. For China, its fundamental national interest is to take a path of peaceful development and

to become a medium-level developed country by the middle of this century. Given that, externally the fundamental task of China's foreign affairs is to build a peaceful and stable international environment. It means trying not to become confrontational with the other great powers, including the United States, although that does not mean that China does not defend its own national interest.

Given the above fundamental national interest of the two great powers, I don't believe the historical fatalists arguing that a rising power and a current great power will inevitably clash. I think the two sides need to manage the various issues between them in their interactions. One encouraging development is that the two countries have established at various levels different mechanisms to deal with all the kinds of issues, including regular visits of their leaders to each other's capital cities. One newer one is senior level dialogue for the number two persons of the two foreign ministries to get together to discuss issues, not of the day-to day urgency but more long-term issues.

In September, the US and China announced a high level economic dialogue aimed to move beyond such day-to-day issues as currencies. The first meeting was held that month and it focused on long-term concerns and set the tone for more constructive relations. Before the US President's representative, the Secretary of Treasury, Hank Paulson, went to Beijing for that strategic economic dialogue he was interviewed by the *Financial Times* and in that interview he stated that the US was taking a comprehensive approach to China and recognised China as a leader, adding that 'with leadership comes responsibility', and I think that is true. One interesting thing is that we Chinese are not very accustomed to the term 'leadership' and when the outsiders are praising China for playing a leadership role we often ask ourselves, 'Are we playing a leadership role?'. Well, gradually I think we are playing a more constructive and responsible role in international affairs.

Japan is always quite delicate about US–China relations. On the whole it expects US–China relations to be not too good and not too bad. When it thinks that the US–China relationship is too good it feels that it is ignored and when some problems occurred between the US and China or the relations become too tense, Japan feels that it is in an awkward situation between the United States and China. Some people in Japan tend to believe that the United States will either choose China or Japan and if it chooses China, Japan will be isolated, and vice versa. I think this view is not that realistic because for the United States it is not necessary to make such an option and the judgement of China as a responsible stakeholder is not based on American ignorance of Japan.

I think the US–Japan alliance is increasingly becoming a global alliance.

Next, US–Japan relations and China. I think the US–Japan alliance is increasingly becoming a global alliance. In June 2006 Prime Minister Koizumi made his high profile visit to Washington, obviously his last visit to the United States, and a joint statement came out of it claiming a US–Japan global partnership for the twenty-first century. Since the mid-1990s, the US–Japan alliance has been undergoing a process of upgrade and strengthening. They have been doing a lot of cooperative things, including military interoperability, missile defence

cooperation and so on and so forth. I think for both capital cities they both think that the alliance is in very good shape, particularly Japan. Many people in Japan tend to believe that as long as there is a solid US–Japan alliance everything is going to be okay.

For China this alliance should be a bilateral one and should not be a regional or even global policeman. China has some reservations when the so-called Two Plus Two meeting of the American Secretaries of State and Defence plus Japanese Foreign Minister and Head of Defence agency claim that Taiwan is one of their common strategic objectives. China hopes that the US–Japan alliance is not aiming at a third party and will not affect China's national interests negatively. Well, after all, Japan is an Asian country and the alliance with the United States is always regarded as top priority for Tokyo. There is tension between the two. One big question for Japan is that it needs to find an appropriate place between the United States and Asia.

For many years, Japan has looked at other Asian countries with a mindset of top down, and I think it's time for Japan to rethink this mindset. The fundamental question between Japan and China, I would argue, is that for more than a hundred years it has been looking at China from that kind of mindset and it's not able to look at other Asian neighbours on an equal footing. It is not that willing, and is not able, to accept China's emergence.

So we come to China and Japan and the US factor. In the past five years the Sino–Japanese relationship has undergone a difficult process, as we all know very well. In this time, Chinese and Japanese leaders have not made mutual visits to each other's capital cities. Koizumi became the Japanese Prime Minister in April 2001 and for six consecutive years he paid visits to the Yasukuni Shrine, repeatedly, where 2.5 million Japanese servicemen who have fallen in wars since 1868 are honoured but where the names of fourteen class A war criminals from the Second World War are also memorialised. That seriously undermined the political foundation of a Sino–Japanese relationship and that has prevented the leaders of the two countries from visiting each other's capital cities. The Yasukuni controversy highlights the complicated nature of this bilateral relationship.

Firstly, it is a mixture, the relationship of domestic and foreign affairs in both countries and perhaps more than before the domestic factors of the two countries are affecting their foreign policies more than ever. Secondly, it is the mixture of past and present. Japanese politicians' words and deeds have constantly reminded the peoples of the neighbouring countries of the unhappy past. At present, on the other hand, their relationship has changed a lot and particularly their economic relationship has become increasingly interdependent. Thirdly, there is an entanglement of sentiments and interests. The mutual perceptions are such that on the one hand the common interests have been growing rapidly and on the other hand people's sentiments have somehow worsened. Unfortunately, the historical issue of Japan's wartime atrocities and its shameful national amnesia is orchestrated by its right-wingers and tolerated by the silent majority.

Last spring there were the demonstrations where it was claimed that 24 million Chinese signed an internet petition opposing Japan's bid for a permanent seat on the UN Security Council. The Chinese people were reflecting anger at the possibility of Japan becoming a permanent member of the UN Security Council. At the outset, the United States did not care much about these Sino–Japanese frictions but in the recent two years, I think, have shown some unease. For instance, the *New York Times* editorial of 13 February 2006 eventually takes a clear and strong stand towards the history issue, saying that 'public discourse in Japan and

modern history lessons in its schools have never properly come to terms with the country's responsibility for such terrible events as the mass kidnapping and sexual enslavement of young Korean women, the biological warfare experiments carried out on Chinese cities and helpless prisoners of war, and the sadistic slaughter of hundreds of thousands of Chinese civilians in the city of Nanjing,' and 'China has no recent record of threatening Japan'. This is from the *New York Times* editorial.

Last spring there were the demonstrations where it was claimed that 24 million Chinese signed an internet petition opposing Japan's bid for a permanent seat on the UN Security Council.

From a Congressional perspective, the chairman of the House International Relations Committee, Henry Hyde, wrote an interesting letter in May to the Speaker of the House of Representatives. At the time the two countries were preparing for Prime Minister Koizumi's visit to Washington and there seemed to be a possibility for him to deliver a speech to the US Congress. The Congressman expressed his view that if Koizumi wanted to come to the US Congress to give a speech he should promise not to visit the Yasukuni Shrine again, that if he delivered a speech to the US Congress and then some weeks later he went to Yasukuni again it would clearly be an embarrassment for the US Congress.

Earlier this month, on 14 September, the House Committee on International Relations had an international relations hearing called 'Japan's relations with its neighbours'. We know that in many cases the causes of recent frictions have little to do with the United States so why bother to conduct such a hearing. For Congressman James Leach, Chairman of the Subcommittee on East Asia and the Pacific, I quote, 'It renders problematic the prospect of cooperation between the United States, South Korea, Japan and China on a range of important issues, not the least of which is the North Korean nuclear challenge'. So these historical conflicts and the active regional dynamics they can engender should be of concern to Washington.

As well, some serious American scholars and top Japanese specialists also delivered unprecedented warnings. For instance, Mike Mochizuki uses 'Japan's Drift From Pacifism' as a title for his recent *Los Angeles Times* piece. Steve Clemence' *Washington Post* piece is called, 'The rise of Japan's thought police', and so on for other American Japan specialists too. These arguments are different from the words of Ashley Tellis yesterday arguing that this situation gives the United States tremendous leverage, there is some difference here. For some group of people in the United States, the US does not benefit from the Sino–Japanese frictions. From Michael Green, the former Senior Director for Asian Affairs at the National Security Council, 'Our interests are not served by tension between Japan and China.' Some people also argue that the six-party process could be affected negatively. Thirdly, the continued tension threatens polarisation of Asia with Japan on one side and China and South Korea on the other side. More importantly, perhaps, the prolonged frictions between Japan and China and South Korea will isolate Japan and will also isolate the United States. So for Michael Green

the United States can pursue a strong alliance with Japan and good relations with China at the same time.

You all know Abe Shinzo became the new Japanese Prime Minister yesterday. I think his top priority in terms of Japan's foreign affairs is to improve Japan's relationship with its East Asian neighbours. It is also an opportunity for Japan and its neighbouring countries if the new Japanese Prime Minister can show restraint and be careful on the issue of Yasukuni Shrine visits. If so, there will be some room for the Chinese side, and the Japanese side, to adjust mutually their policies and to make bilateral summits between their leaders happen. Gossip is going around that there is a possibility for Prime Minister Abe Shinzo to visit China sooner rather than later. There are also multilateral summits from now till the end of this year, such as APEC and the Ten Plus Three summit and so on, for Chinese leaders and Prime Minister Abe Shinzo to call meetings.

In conclusion, I believe that the triangular relationship remains vital for the Asia–Pacific region. Based on prudent judgments of their respective fundamental national interests, it is hoped that the United States and China will manage their relationship well and China and Japan will get along. To me Japan did apologise previously but apology is a one-way action and what matters is that reconciliation is more important because it is a two-way action. The two countries should make efforts for more constructive interactions and an eventual reconciliation between the two countries and the two peoples. Looking into the future, the US–Japan–China triangular relationship continues to be the crucial great power relationship in the region: when they cooperate, Asia benefits; when they clash, Asia suffers. Good luck for the three peoples and for us all.

THE GEOPOLITICS OF COOPERATION IN ASIA

Dino Patti Djalal

Let me begin with a story that I heard recently about a conversation between Prime Minister John Major and President Boris Yeltsin. They were having a conversation and the British Prime Minister asked President Yeltsin, 'If you could describe your economy in just one word what would it be, Mr President?'. President Yeltsin thought for a while and said, 'Good'. The British Prime Minister said, 'Well, I'm not buying that, your economy is in a big mess. I'll tell you what, I'll give you more than one word to describe the state of the Russian economy. What would they be?'. President Yeltsin thought for a while and said, 'Not good'.

If you ask me how are relations between Indonesia and Australia, if you give me one word the answer would be 'good', but if you required more than one word I think the answer would be 'quite good'.

If you ask me how are relations between Indonesia and Australia, if you give me one word the answer would be 'good', but if you required more than one word I think the answer would be 'quite good'. You will be pleased to know that there is now good progress in the talks that are happening between the two sides to conclude a bilateral treaty on security cooperation. This will be a comprehensive framework treaty which will cover cooperation in law enforcement, maritime security, counter-terrorism, intelligence, natural disasters and others. If it is signed, and hopefully it will be signed sometime this year, it will be an important development in relations between Indonesia and Australia. It will also highlight the shift in the geopolitical relationship between our countries. The treaty does not make Indonesia and Australia allies, because Indonesia cannot enter into any military alliance with any country, but it does express our common conviction, as President Yudhoyono said, that the security of Indonesia and Australia are interrelated and that we need to engage in cooperative security. It also does signify how far this relationship has progressed since the stressful and uncomfortable period of 1999 during the troubles in East Timor.

Clearly, there are new factors now driving the relationship between Australia and Indonesia, factors that were not noticeably there before but factors that have become important to both governments and have captured public imagination: terrorism, tsunami, earthquakes, people smuggling, avian flu. When I joined the foreign service back in the 1980s, these issues were not on the board, but today they are clearly at the top of our agenda. Again, it just goes to show you that countries change and relationships change—and I will repeat this phrase again throughout my presentation—and as times change, the security agenda also changes along with it.

But what has happened bilaterally between Indonesia and Australia is hardly an isolated event. If you look across the region and evaluate the security and strategic relationships you will also find many changes, and this would be true between smaller countries, medium

countries, major countries and major powers. It is not an across-the-board change but it is noticeable enough for us to assert that we are seeing a new trend, and I would like to call that trend the geopolitics of cooperation. Yes, there is still rivalry and competition and flashpoints in our region, but we are also seeing more and more geopolitics of cooperation, or cooperative peace, and we need to see more of that for the sake of our regional stability.

I think one of the greatest geopolitical transformations in our region has been in Southeast Asia. Southeast Asia has been transformed from a divided region to a cohesive geopolitical unit, the ASEAN 10.

I think one of the greatest geopolitical transformations in our region has been in Southeast Asia. Southeast Asia has been transformed from a divided region to a cohesive geopolitical unit, the ASEAN 10. To be honest, I never thought it would happen during my career when I joined the Foreign Ministry, but it did and that is also to the credit of ASEAN. Southeast Asia was once a war-torn region and we had war in Cambodia and Vietnam, in Laos. Today no Southeast Asian country is engaged in war with another Southeast Asian country or with outside powers. I think the most symbolic development recently would be the change in US–Vietnam relations. The US and Vietnam have signed on to permanent normal trade relations, and trade between them has shot up from $1 billion in 2001 to $8 billion in 2005. Intel has just picked Ho Chi Minh City as the site of its $600 million microchip plant. All these things signify that, yes, times change, countries change and relationships change. Another symbolic development in this context would be the evolving relationship between Indonesia and China. We froze diplomatic relations with China for a long time until they were normalised again, and now Indonesia and China have entered into a strategic partnership.

Another sign of geopolitical transformation in the region is the Treaty of Amity and Cooperation. In 1976, it was only signed by six ASEAN members. Now, it has been signed by all of ASEAN plus 10 others: India, China, South Korea, Russia, Australia—congratulations—Mongolia, and I don't remember all the countries that have signed on to it. But it is very significant for the region that more and more countries are signing on to the Treaty of Amity and Cooperation. I think we need to continue this process and encourage more countries to sign on to the Treaty of Amity and Cooperation, including, of course, the United States of America.

Regionalism is also growing. The ASEAN members now have committed themselves to reach an ASEAN community by 2020. This means that now we have a new geopolitical landscape and a roadmap, which means more predictability about where Southeast Asia as a whole is heading and how it will be managed. We did not have this in 1967 when ASEAN was founded. We also had the emergence of democracies in Southeast Asia which is also changing the geopolitical landscape. I think the most recent developments of that is the emergence of Timor-Leste as a democracy and also in Indonesia, which means that Southeast Asia now is the home of the world's third largest democracy, which is Indonesia, third after India and the United States.

Despite all these geopolitical transformations, ASEAN still faces a number of challenges. The region is still divided in terms of development gaps between the ASEAN 6 and the CLMV countries: Cambodia, Laos, Myanmar and Vietnam. If you add the GDP of Myanmar, Cambodia and Laos, it is still less than the GDP of the Philippines or Singapore, for example, and that gives you an idea of the glaring development gaps that need to be reduced. There is also the issue of maintaining ASEAN's centrality in the scheme of things, especially in the evolving regional architecture that is emerging, the East Asia summit, for example. ASEAN needs to be in the driver's seat and how ASEAN does this and how ASEAN manages its relationship with the outside powers will be critical to this. There is also the need for ASEAN to evolve itself, which is why there is now an eminent persons group drafting an ASEAN charter. All these challenges, closing the development gap, maintaining centrality and evolving ASEAN, will necessarily mean that ASEAN will need to adopt more geopolitics of cooperation, which means ASEAN needs to cooperate more internally and also externally with the other players.

Despite all these geopolitical transformations, ASEAN still faces a number of challenges.

I think one of the most important developments in Southeast Asia in the last decade or so would have to do with China. My good friend Chris Hill, the US Assistant Secretary of State for East Asia and the Pacific, has said, and in fact has conceded, that 'China's most dramatic diplomatic, political and economic gains over the past few years have been in Southeast Asia'. Indeed, China has successfully adapted its approach towards Southeast Asia. It has de-ideologised its approach, it has not been heavy-handed in dealing with the region, it has refrained from commenting on internal affairs—perhaps because it expects others to do so as well—it has presented itself as a sympathetic, responsible, helpful and agreeable partner to ASEAN, and also bilaterally. China is spreading its soft power very, very well, it's becoming a key trading partner to many Southeast Asian countries, and as a result China is building a lot of political capital in Southeast Asia. The comfort level towards China is probably higher than it has ever been. ASEAN does not see China as a threat, as some would say in the literature, but as a challenge and opportunity, and it is going to be an evolving relationship.

China has also signed the Treaty of Amity and Cooperation, one of the early countries to do so with ASEAN. China is also the first nuclear state that has expressed readiness to sign the protocol to the Southeast Asian Nuclear Weapons Free Zone Treaty. China is also very proactive and eager to shape the regional order, coming up with a lot of diplomatic initiatives on her own—the ASEAN–China Declaration of Strategic Partnership for Peace and Prosperity, for example, the South China Sea Code of Conduct, the ASEAN–China Free Trade area, the ARF security policy conference, the ARF mechanism on disaster management. All these regional schemes were offered by China which indicates a growing confidence and proactiveness on the part of China in dealing with Southeast Asia. There are now about twenty-seven separate China–ASEAN mechanisms at different levels. What China demonstrates in doing all this is that geopolitical relationships are not necessarily driven by military alliances—not today—but they are more driven by the expansion of soft power: trade, investment, education scholarships, cultural links, aid, building railway links, building Hun Sen's office in Cambodia. All these things give substance to the relationships.

What about Northeast Asia? I will not dispute the fact that Northeast Asia has not made the geopolitical transformation as smoothly or as substantively as Southeast Asia, perhaps because of historical baggage, perhaps because the disputes are too complex, perhaps because the strategic rivalries are too strong. But in Northeast Asia old age tensions still persist between China and Japan, between China and South Korea, North and South Korea, the North Korean nuclear tension, between Japan and South Korea, between Japan and Russia, between North Korea and Japan, North Korea and the United States, and also across the Taiwan straits. These problems are not insurmountable, I think they can be undone, but their persistence all these decades do mean that it is difficult for Northeast Asia to become geopolitically coherent for the near future.

But there are some positive developments and I would like to focus on them. The first is improved US–China relations.

But there are some positive developments and I would like to focus on them. The first is improved US–China relations. I was posted in Washington DC in the year 2000 and at the time the new administration was talking about the US and China being a strategic competitor, and I remember that was also at the time when they had the EP3 incident. The relationship was very difficult and tense with lots of suspicion and rivalry at the time. Well, that relationship has somewhat changed and improved now. You see this in the visit of President Bush to China and the visit of President Hu Jintao to the United States recently, and you see this in the change of language that is being used by both sides. Secretary Rice talks about, and I quote, 'The US is welcoming the rise of a confident, peaceful and prosperous China and wants China as a global partner'. President Hu Jintao spoke about, and I quote, 'All around long term constructive and cooperative China–US relations'. He talks about close consultations between China and the US and coordination on major international and regional issues. He talks about China and the United States treating each other as equals and he talks about China and the United States engaging in a new security concept based on mutual trust.

The US *National Security Strategy* paper of 2006 talks about China becoming a global player, talks about China becoming a responsible stakeholder and states that if China develops peacefully the United States would be able to welcome the emergence of a China that is peaceful and prosperous and that cooperates with the United States to address common challenges and mutual interests. It also talks about mutual interests that can guide our cooperation on issues such as terrorism, proliferation, and energy security. All these things are new languages, languages that I did not hear when I was posted in Washington at the embassy there. It does indicate improved relations, but of course it doesn't mean that the relations are problem free. There are still problems on the part of Washington, for example, with regard to human rights, with regard to transparency of China's military activity, currency reforms and other things. But the relationship now and overall is in better shape.

Another positive development is the Six Party talks. Again, it has stalled, we know that it is not going very well, but I think it is quite significant that China is taking the lead in dealing with regional conflict and issues of regional and international concern and also of the fact that China and the United States are working together as part of the Six Party talks.

Another positive development is the growth of the Shanghai Cooperation Organisation. It is now five years old—it just celebrated its five-year anniversary. It is driven by China and Russia. They are talking about cooperation against terrorism, separatism and extremism. The SCO probably needs more concrete programs to give substance to the activities of the organisation but its role is expanding. China is talking about producing a legal document to signify neighbourly relations among the members of SCO and President Putin has suggested a study on regional conflict management mechanisms.

The ASEAN Plus Three and East Asia Summit is also another positive development.

The ASEAN Plus Three and East Asia Summit is also another positive development. We had a successful meeting of the East Asia Summit in Kuala Lumpur last year and it's a plus that the EAS has taken the form that it has taken now that is different from the ASEAN Plus Three. We are pleased to see that Australia, along with New Zealand and India, is part of the East Asia Summit. We hope that it will be a useful organisation to promote constructive regional architecture.

Another positive development is Mongolia: Mongolia is coming out, as they say. There is a democratic transformation in Mongolia and there are growing relations with China, South Korea, Japan and the United States. Mongolia does not have tensions with any of its neighbours. It is a member of the WTO, it is a full member of the ARF, it wants to join APEC, and it is also an observer at the Shanghai Cooperation Organisation. Yes, it's only two and a half million people but Mongolia is quite strategic and it has the land mass larger than the Korean Peninsula and Japan.

Another positive development that will change the landscape of the region is the schemes of economic integration. Geostrategy is defined by the movement of goods, people and ideas, so one of the more significant factors affecting geopolitical relationships will be the economic integrations and the road maps which are now in place. The ASEAN–China free trade will be a reality by 2010, normal track, or 2012 if it includes the sensitive list, if not sooner, the ASEAN–Japan economic scheme hopefully by 2017, that discussion is still going on, the ASEAN–Korea free trade by 2010, and then by that time, of course, the ASEAN FTA will be more mature. But these FTAs together will lock the economies which take part in them. They will eliminate terrorists, open up borders, shorten distances, connect infrastructures, including railways and air links, our citizens will travel more, communities will link up and so will businesses, and there will be greater economic interdependence, and communities also. All this will transform our economic space and will add to a condition of geopolitical maturity for our region.

There is a trend also of proliferation of security and strategic relationships. In my office, we just did a matrix, we lined up countries, about 18 or 20 of them in the region, and we tried to see what kind of security or strategic relationship they have with one another. A lot of the boxes were filled with either security relationships or strategic partnerships. If you produced this matrix ten or twenty years ago you wouldn't have the same amount of boxes. That is a sign that now there are a lot more webs of cooperation, strategic and security

relationships in our region. Indonesia is entering or has entered into strategic partnerships and security relationships.

With Australia, we have already a comprehensive partnership, as well as the security talks that are taking place now, and also have a strategic partnership with China, we have a strategic partnership with India, we have a new partnership for the 21st century with Japan, and so on and so on.

With Australia, we have already a comprehensive partnership, as well as the security talks that are taking place now, and also have a strategic partnership with China, we have a strategic partnership with India, we have a new partnership for the 21st century with Japan, and so on and so on. Australia has quite extensive security or strategic relationships with other countries. China has security and strategic relationships with other countries, including Australia, Cambodia, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Vietnam and others.

We also did a matrix of countries around the region who are members of regional organisations, of ASEAN, or those who have signed on to the Treaty of Amity and Cooperation, those who belong to ARF, to APEC, to ASEAN Plus Three, Southwest Pacific dialogue, East Asia Summit, Asia Cooperation Dialogue, SCO, ASEM, KEDO, FEALAC and others. There were a lot of boxes filled with colours. Again, if you looked at this matrix ten or twenty years ago it wouldn't have the same predominant boxes filled with colours.

We find that almost every country in the region faces in one way or another increasing non-traditional threats to their security, either in the form of diseases, natural disasters, terrorism, people trafficking and so on. It is our view that non-traditional threats are fast becoming a new driver of geopolitical relationships, driving the geopolitics of cooperation. One very clear example of that is the tsunami in Indonesia. We would never have thought that there would be a foreign army who would invade our country and take the lives of 200,000 of our citizens and destroy a province, but this is what the tsunami did in just a half hour. The tsunami also led to a series of events which produced the biggest humanitarian operation since World War II. It was a great confidence-building and a great cooperative venture between the militaries in the region.

But, again, it just goes to underline that these days the threats to our security are different and we need ways to respond to them. Of course, a tsunami is only one of them, terrorism is another threat, and I think Australia knows this very well with the Bali bombing and also the bomb in front of the Australian Embassy in Jakarta. There is also the threat of avian flu. If a pandemic ever breaks out in Indonesia or any part of the world our economic calculations, our political stability, all this would be thrown off balance as we would have to deal with a very severe disaster.

But the thing about dealing with non-traditional security threats is that we need to learn a lot on how to deal with them. When we first awoke ourselves to the threat of terrorism there

was a lot of learning to do on how to cooperate. The threat is obvious but learning how to cooperate with other countries was an art on its own. It took some time and it is a process that we had to master. As we deal with non-traditional security threats there will be more drive towards the geopolitics of cooperation.

But, again, it just goes to underline that these days the threats to our security are different and we need ways to respond to them.

Let me just, as a way of concluding thoughts, mention two points. Firstly, as we advance the geopolitics of cooperation there is always an interplay between geopolitics or conflict or competition and the element of cooperation. This interplay between them will always be there. But it is always important to build on the bridges and the geopolitics of cooperation. One example is North and South Korea, the conflict and the tension still persists, but there have been some new developments there in the past few years. They have built the Gaesong industrial complex and since 2004 fifteen companies have operated there and 7,700 workers have worked in these companies, just five kilometres north of the military demarcation line. They have opened the Mount Kumgang tourism project which has brought 1.2 million tourists from South Korea into this tourist destination in the North. In the South China Sea too, they have territorial disputes but in an effort to deal with problems in that area recently China, Vietnam and the Philippines have engaged into cooperative efforts to deal with piracy in that area.

We know of the problems in China and Taiwan, but here there are also more bridges being drawn, direct flights, and there have been 13 million visits from Taiwan to the mainland, 50,000 mainland Chinese have travelled to Taiwan, and oil companies in the mainland in Taiwan have decided recently to explore for oil in offshore areas. There has been a transfer of some manufacturing base to the mainland. China has now surpassed the United States as Taiwan's key trading partner. The total is $61 billion, which is a 30% increase from the previous year. But the point is there is always opportunity in conflict, or out of crisis, and the rule is you never cease from building these links and these bridges as part of the geopolitics of cooperation. You may not immediately resolve the conflicts, but sooner or later you will change the dynamics of how the conflicts will be dealt with.

The second point I want to close with is that we need to change the mindset. I grew up during the Cold War and I am used to thinking of the practice of geopolitics in terms of building walls, creating divisions, drawing lines, forming alliances, or non-alignment—that was the geopolitics of the twentieth century. But in the twenty-first century, we need to change from geopolitics of competition to cooperation and the geopolitics of cooperation is about building bridges not walls, it's about promoting cooperation and not preventing conflicts, it is about accepting differences and overcoming disputes. In some ways, the fight against terrorism, against natural disasters, against infectious diseases, against transnational crimes, all this is forcing us to adapt to this new geopolitics of cooperation.

But this is only at its infant stage. If we continue to nurture this geopolitics of cooperation, then the strategic landscape might change. The rise of China need not go into a collision

course with the United States. The world is big enough for the major powers, so long as they compete for peace. The more they compete for peace, the better it is for everyone else as everyone will benefit in a win–win situation. Regional flashpoints will not only be contained but might also get resolved. Multilateralism will rise to prominence and regionalism will flourish. The notion of community, ASEAN community, East Asia community, or maybe even the Asia–Pacific community, will become a living reality.

Four—Australia's priorities and options

BALANCING AUSTRALIA'S SECURITY INTERESTS

Allan Gyngell

The subject that I've been asked to discuss is balancing Australia's security interests and I should begin by defining what I'm talking about. Security interests, at least in the way I'm using the term, relate to our national capacity to preserve our territory from attack, our institutions and identity from challenge, our citizens and assets from politically motivated physical harm and an international order which enables us to prosper.

Security interests are therefore narrower than national interests, which I know is a problematic term for academics but absolutely essential for policy makers ...

Security interests are therefore narrower than national interests, which I know is a problematic term for academics but absolutely essential for policy makers, but they are broader than strategic interests which relate more specifically to the circumstances in which we might be compelled to use armed force. The idea of balance in the title is also complicated. I'm conscious that in some of what follows I'm sliding rather sneakily between different uses of the word so I've decided to fess up at the beginning. Sometimes I'm describing a relative weighting of different interests, sometimes a trade-off between contending interests, and sometimes I use the word to describe the attainment of

Photo opposite: The Bonaparte Archipelago on the north coast of Western Australia Satellite image from space. © CORBIS/APL

an equilibrium as in a balance of power. At times the balance I'm discussing is not of interests at all but of the instruments we use to pursue them. I hope the differences will become apparent in what follows.

Like all countries, Australia is engaged in a continual process of balancing our security interests. This is because while our interests are almost unbounded, the resources we can deploy to support them, whether financial, technological or human, are always limited. Because our interests exist in an international system which is perpetually in flux, their balance is always changing. The result, if we are to use our national assets most effectively, is that we need to decide where for this country at any particular time the balance best lies.

It is this debate about relative weightings that has always been at the core of the Australian security discourse rather than any deep disagreement about the ways we should seek to protect our interests. On those methods—the centrality of the US alliance, the need to develop close security links in Asia, a general belief that Australia needs to engage in the business of international politics rather than isolating ourselves from it—a broad political consensus has formed, at least between the major parties. That has still left plenty of room, however, for vigorous debate about where the balance should lie between our global and our regional security interests, the contribution we make to the United States alliance versus the requirements of self-reliance, the weight we place on state and non-state actors as a source of threat, and the relative usefulness of multilateral and bilateral instruments to press our interests.

In a globalising world our security interests, or at least their particular manifestations, can change quite quickly, and they've done so over the past fifteen years as three defining events, each of them quite unanticipated by government, have transformed Australia's global and regional strategic landscape.

Where the debate get sharpest, as you might expect, is where it impacts most directly on the allocation of resources, either between the individual services or between the ADF and the other parts of the national security infrastructure, including the intelligence agencies and the federal police. A lot rides on the results of that debate—about $19.6 billion this year in the Defence Department's budget alone. This is, I think, a more interesting debate than the one often postulated between the defence of Australia mavens and the globalist supporters of expeditionary forces. So far as I can see, the further you move from the op-ed pages of newspapers the less real that particular debate becomes. Almost everyone of substance in it, and a number of them are in this room, want some of all of the above. It's the balance which is the question.

In a globalising world our security interests, or at least their particular manifestations, can change quite quickly, and they've done so over the past fifteen years as three defining events, each of them quite unanticipated by government, have transformed Australia's global and

regional strategic landscape. The first, and the most important, of these was the sudden end of the Cold War from the fall of the Berlin Wall in 1989 to the collapse of the Soviet Union two years later. This event, which was equally unexpected by everyone from the politburo of the CPSU to the US administration, ended the bipolar structure which shaped the post-war world. The United States emerged overwhelmingly as the dominant strategic power, uniquely possessing both the capacity and the will to project power globally. But economically it had peer competitors in Japan, Europe, and later in the 1990s an emerging competitor in China.

The end of the Cold War thawed the geostrategic ice in which many regions had been frozen and that brought tragedies in the Balkans, but, more relevantly for Australia, it brought opportunities in Asia. In security terms, the end of the Cold War removed an important element of risk associated with military interventions. That risk was that they might become caught up in a wider global struggle. The result was a huge upturn in the number of overseas military operations, particularly peacekeeping. More than half of all Australian military deployments since the Second World War have taken place since 1990.

The second large unexpected event came just six years later with the 1997 financial crisis in Asia. Because Asia has recovered much more quickly from the crisis than many observers expected, its scale tends to be forgotten and its impact under-appreciated—I thought David Murray made some interesting points about that last night. In 1998, real GDP fell by more than 13% in Indonesia, more than 10% in Thailand, 7% in South Korea and Malaysia. In Indonesia unemployment doubled and inflation grew by 80%. Within a twelve month period the countries of Southeast Asia and Korea saw a $100 billion reversal of capital flows.

Unsurprisingly, this economic crisis had political and strategic consequences and we're still living with their results. Most importantly for Australia, it brought about President Suharto's resignation in May 1998 and the end of the new order regime in Indonesia, which had been such a benign element in Australia's strategic environment for thirty years. From it emerged a democratic, decentralised Indonesia whose form and future is still being worked out. It also set in train the events that just over a year later led to the August 1999 referendum in East Timor, the violence that followed the deployment of Australian forces and the country's eventual independence. The results of these developments too will be a permanent part of Australia's regional security responsibilities. The crisis also marked China's re-emergence as a regional power, which we have heard a lot about, working cooperatively with its neighbours. For reasons I will come back to shortly, it accelerated China's economic rise.

The third and final bolt from the blue came with the terrorist attacks on New York and Washington in September 2001. Intelligence agencies and political leaders had certainly worried before then about Jihardi-salafist terrorism but few had identified it as a central existential threat. In security terms the 9/11 attacks were transformative. They galvanised the United States' involvement with the world, albeit an involvement that was more unilateralist than multilateralist in form. The attacks added a new chilling dimension to the role of non-state actors in the global environment. They made the war on terror the central organising principle of US strategic policy. They led the administration to war in Iraq, the first major geostrategic blunder of the 21st century. After Afghanistan and Somalia showed how terrorism could thrive where governance was weak, they focused attention on fragile states in the world as a source of security threat as well as humanitarian concern.

The attacks had a particular impact on Australia's alliance relations with United States. The Prime Minister's presence in Washington on September 11 and the personal relationship he formed with President Bush facilitated the greatest deepening of US–Australian military engagement since the establishment of ANZUS. This included John Howard's invocation of the ANZUS Treaty, the military commitments in Afghanistan and Iraq, and a general expansion of intimate institutional cooperation between the American and Australian armed forces. At another level it also made possible the successful negotiation of the Australia–US free trade agreement, which has been a further reinforcement of the broader relationship.

When the JI attacks in Bali came just twelve months later, in October 2002, they added an immediate national and regional dimension to these global concerns.

When the JI attacks in Bali came just twelve months later, in October 2002, they added an immediate national and regional dimension to these global concerns. What followed was an intensification of Australia's security involvement with regional countries, especially Indonesia, and particularly in counter-terrorism and policing. The lessons the government drew from the terrorist attacks about the consequences of failing states helped push Australian policy in the direction of a more activist engagement with regional countries. Australian policy makers felt impelled to demonstrate to allies that we could be relied on to tidy up our own region. The Regional Assistance Mission to the Solomon Islands, RAMSI, and the efforts to develop a more hands-on program of security engagement in Papua New Guinea through the Enhanced Cooperation, which, of course, was never fully implemented, followed.

The impact of these three events, the end of the Cold War, the 1997 financial crisis and 9/11, was to shape an early 21st century global security environment that is characterised by strategic unapolarity but economic multipolarity, a shift in the broader global power balance back towards Asia, and a greater role for non-state actors in a security environment that needs to be understood in broader terms than in the past.

How is this world different for Australia? Let me begin with the first two interrelated elements, strategic unapolarity, economic multipolarity and the shift in the power balance back towards Asia. For fifty years after the Second World War Australia enjoyed a remarkably simple and beneficial situation in East Asia. Our major ally, the United States, and the country that soon became our major trading partner, Japan, were themselves allies. Japan had taken the decision, or circumstances had forced the decision upon it, to outsource its strategic defence, and in particular its nuclear defence, to the United States. Japan was therefore able to focus on its economic development with hugely beneficial consequences for Australia and the wider Asian region. The result for Australia was that through that period our economic interests and our security interests were closely aligned. For most of this post-war period China was weak, if troublesome, and consumed by internal problems, while India's post-colonial development model was inward-looking and autarkic.

Globalisation, which lay behind all of the events I have described, changed that, and we heard from Paul Cornish yesterday how from the 1970s onwards a series of transforming

technological developments, the personal computer, the internet, mobile telephony, satellite television, containerisation, all made it easier and much cheaper to transport information and products around the world. The result was a world that was increasingly economically and financially integrated, where information moved more freely and it was much harder to define the borders between the domestic and international. The point about this is that Asia generally, and China in particular, were well placed to take advantage of this new world.

Politically, as the old bipolar structure crumbled with the end of the Cold War, new forms of Asian regionalism became possible. We saw the expansion of ASEAN to include the countries of Indochina; we saw the creation of APEC, bringing together the key transpacific powers; the ASEAN regional forum was launched; we got that whole debate about Asian values being played out. Then after the 1997 financial crisis when regionalism took a more exclusively Asian form we saw the creation of the ASEAN Plus Three and East Asian Summit groupings.

Economically, Asian economies were better able than any other part of the developing world to integrate themselves into the global supply chains that globalisation made possible. Deng Xiaoping's decision to bet the future of the Communist Party of China on a market economy, China's relatively open attitude to foreign direct investment, and the torrent of FDI redirected from other parts of Asia after the financial crisis, all positioned China particularly well to benefit from these changes. It became the end point assembler for an increasingly integrated Asia–Pacific market.

The other billion person plus economy in Asia was also on the move. India's growth came from the early nineties onwards and it followed a very different path. India's competitiveness came from skill-intensive services, a sector which before the cheap fast telecommunications that globalisation delivered we'd never really thought about as tradable. India's growth has been slower than China's, it's now averaging around 8% a year, a level which it has the potential to sustain. With its younger population, again as we heard yesterday, India has substantial long-term demographic advantages over China, although that also brings with it the challenge of generating jobs.

It is also most important not to lose sight of the other major Asian power, Japan, which remains the world's second largest economy, by exchange rate measurements, and since mid-2002 has experienced its longest uninterrupted expansion since the second half of the 1960s.

As we discussed earlier, these developments underline the way economic power is flowing back towards Asia, redressing an imbalance that lasted for about 200 years following the industrial revolution in Europe. Asia's economic growth won't be without problems and reversals but for the purposes of security planning it would be unwise to bet that the secular trend will not continue upwards. Asia's growth gives the growing economies of the region a new range of interests, some of them competitive, and it will generate the resources to enable them to assert and protect those interests. The Asian security environment in which Australia now operates is one, and Chung Min Lee made this point, in which for the first time in the history of European settlement Asia has a number of great power players, Japan, India and China, each seeking to protect its interests and extend its influence. The world's pre-eminent power, the United States, has made clear that it too intends to remain engaged in the region.

China has become, as other speakers have also said, in a very short period of time the paramount regional power, using soft as well as hard power assets to develop effective

influence over its Southeast Asian neighbours. Largely in response to China's re-emergence, Japan has been remaking itself as a more normal country, meaning one that will be less constrained constitutionally or psychologically from security engagement overseas. The policies developed by Japan's Prime Minister Koizumi are being carried on by his successor. India is also asserting itself more effectively in the region, building in part on a transformation of US policy towards India to embrace a strategic partnership—a phase about which there was some valuable discussion earlier. But I think this strategic partnership is one that we should take notice of. Washington describes it as the building of a durable defence relationship that will continue to support our common strategic and security interests.

Largely in response to China's re-emergence, Japan has been remaking itself as a more normal country, meaning one that will be less constrained constitutionally or psychologically from security engagement overseas.

We had a fine account of the energy implications of Asia's growth from Dr Noronha yesterday. The simple message from that is that the search for secure energy supplies and the need to protect the distribution channels of that energy already has the countries of the region rubbing up against each other. Two different trends are at work in Asia, one towards greater economic integration and the other towards greater political divergence, or at least greater national assertiveness. You can see that dual tension at play in several different environments, in the cross strait relationship between Taiwan and the mainland, in the frosty political relations, but deeply entwined economic relations, between China and Japan, and in South Korea's attitudes to both its large neighbours.

The checklist of Northeast Asian security problems is familiar: North Korea's nuclear ambitions, the Taiwan Straits, territorial disputes between China and Japan, the possibility of a deterioration in US–China relations over China's long-term strategic ambitions. All these issues from time to time may be managed well or badly, and most of them at the moment, I think, are being managed well, but for the present none of them looks like being resolved as opposed to managed.

Whatever security problems may arise in the conflicting interests of regional powers through to the mid-century, we can be certain that the global strategic environment will continue to be unipolar and dominated by the United States.

The third distinguishing feature of the 21st century security environment that I mentioned is the greater role for non-state actors in a security environment that needs to be understood much more broadly. International relations realists used to take comfort from the fact that while much of the world was changing, at least nation states held a monopoly of force. After 9/11 it was not possible to claim even that. The United States has centred its national defence posture around a long war against violent extremists. The state of Israel has just fought a conventional war against a non-state actor, Hezbollah.

No idea in international relations has changed more fundamentally during the past fifteen years than the concept of security.

No idea in international relations has changed more fundamentally during the past fifteen years than the concept of security. Views on how security should be defined, who is responsible for it and how it should be implemented, have all changed. In different ways the Rwandan genocide, the Srebrenica massacre, the threat of new diseases like SARS and avian influenza, growing evidence of the impact on security of environmental problems like global warming, and terrorist atrocities fuelled by religious extremism, have transformed our understanding of what security means. From the strong state-centred system based on mutual deterrence and firm alliances that successfully kept the peace, or at least prevented global conflict, during the Cold War, the world has entered a much more fluid period. The walls between internal and external security have been breached as effectively as those walls between the domestic and the international economy.

At the operational level, the experience of international peace makers and peacekeepers from the Balkans to East Timor has changed ideas about the function of military forces, their structure and their interaction with police and civilian agencies.

That is the shape of the new world and in many ways it suits Australia very well. We have a deep economic complementarity with an economically rising Asia. We have a close relationship based on strong affinities of language and culture with the United States, which will remain the world's dominant power. We're an old democracy with robust and effective institutions of governance that enable us to compete effectively in a globalising world. As the only nation in the world with a continent to ourselves, our air sea moat is as useful against security threats, like terrorism, disease and crime, as it was against traditional invasive threat. In neither case was it impermeable but our geography certainly assists things like quarantine and border control.

But the balancing of our security interests is likely to become harder. The expansion of Australia's security commitments over the past fifteen years has coincided precisely with the longest period of unbroken economic growth in our history, beginning in the third quarter of 1991 at the very moment that the Cold War was ending. Unless you believe that economic cycles have been vanquished forever you would have to conclude at a minimum that the relatively easy budgetary choices we have faced recently are unlikely to persist for the next fifteen years. At some point it's going to become more difficult for Australian governments to tick 'all of the above' in the budgetary boxes. You don't have to look very far beyond Mark Thomson's valuable work for ASPI on the defence budget to see that.

So what are the balances we will have to consider? First of all, the easy alignment of Australia's security and economic interests which marked the second half of the 20th century will not persist in the first half of this one. As I argued earlier, Asia will have more than one great power contending for influence and assets. For Australia, this will come to a head in the relationship between China and the United States. Now, I am not pessimistic about that relationship but it does remain deeply unresolved. Australia is unlikely to have to choose militarily between Washington and Beijing, which is a point the Prime Minister has made.

But the point for Australian policy makers is not really about such a choice, it's about the range of pressures well short of that, from our key ally and our second largest trading partner, to which we will have to respond, and the political decisions we will have to make, including the direction in which we try to shape the policies of allies and friends.

From the US perspective, the 2006 *Quadrennial Defence Review* is surprisingly candid about China.

From the US perspective, the 2006 *Quadrennial Defence Review* is surprisingly candid about China. Of the major powers it says China has the greatest potential to compete militarily with the United States. Part of the American response to this is to suggest that the United States 'will work to achieve greater integration of defensive systems among its international partners in ways that would complicate any adversary's efforts to decouple them'. But to what extent does this imply an unspoken containment policy of China, a strategy that would be dangerously counterproductive for Australia in the region? I agree with Ashley Tellis's very persuasive account yesterday of Washington's investment and insurance strategies, but as he also said, the key is getting the balance right, and I'm not sure that everyone yet agrees where the balance should be.

I don't think that Australia's own security policy objectives with regard to China are difficult to determine. Our objective is, surely, to see China emerge as a responsible great power into a broader region that is self-confident and self-reliant. It's the getting there that will be difficult. There have been a couple of comments during the day about public opinion. I might just mention that on Monday the Lowy Institute's 2006 opinion survey of Australians and the world will be released. It will show, again, that of all the possible threats named to Australia, the people surveyed felt that China's emergence as a world power ranked lowest. It is very hard to get a good yellow peril scare going in Australia at the moment.

It's not just the balance of our interests with the United States and China that we will need to consider but Japan and India too. Australian policy for many years has been to support Japan's emergence as a normal country—that is, one able to take part in regional and global security cooperation, to offer peacekeeping forces to global trouble spots and conduct joint exercises. We have also had a longstanding view that Japan should be a member of the UN Security Council. But it is certainly not in our security interests to encourage in any way strategic competition between Japan and its neighbours.

This is an area of Australian security where the trade-offs are likely to get harder and our policy seems to me to be insufficiently developed. While I support Foreign Minister Downer's proposal for an umbrella security agreement between Japan and Australia, I am much more sceptical about the decision to raise to ministerial level the meetings of the Japan–US–Australia trilateral security dialogue. I am still more concerned about the idea that Japanese Prime Minister Shinzo Abe has of expanding it to a quadrilateral forum with India. It's a pretty good rule of thumb in international relations that confused and unclear objectives are a poor basis for institution building. That is what I fear about the trilateral security dialogue where both publicly and privately the three participants seem to have different objectives and divergent long-term aims.

We face a similar problem over India's emerging role. It is sometimes suggested that India should be brought more into the affairs of East Asia with the implication that it would provide an important counterweight to China's rise. I am not convinced by this line of argument either. I am certainly in favour of the development of closer, more productive links between India and East Asia and I'm very pleased that it's a member of the East Asian Summit, but India's interests in energy, product markets and broader security are more likely to draw it in a westerly than an easterly direction. It is likely to find itself heavily preoccupied with the states on its borders, Bangladesh, Nepal, Pakistan, Sri Lanka. It has had difficult relations with China in the past that led to military conflict. India has its own interests to pursue with China and its own concept of its role in the world that I think make it an unlikely member of other people's containment strategies.

The direction of US strategic policy is likely to change again as the American people absorb the lessons of Iraq, Afghanistan and Iran.

A longstanding element in Australian security policy has been its efforts to support a continuing United States presence in Asia. The direction of US strategic policy is likely to change again as the American people absorb the lessons of Iraq, Afghanistan and Iran. It's too soon to tell whether their response will be a relative withdrawal from the sort of direct engagement with the world we've seen over the past five years or a reversion to a more traditional alliance building diplomacy, or least likely, except in the event of another major terrorist attack, a continuation of the Bush doctrine's ambitious globalist aims. But helping to ensure that what comes next involves continuing creative engagement in Asia will be an important emerging aim for Australian policy.

When we come to Australia's immediate neighbourhood, Melanesia, we're talking about a different sort of balance. Here it's the balance of instruments we use to address our security interests that will matter most. Australian policy towards the South Pacific tends to go through cycles. We look at the region, we think that this is an awful mess, the only thing we can do about it is roll up our sleeves and get in there and sort things out. We roll up our sleeves, get in there and find that we haven't sorted things out and that then leads to a feeling that maybe the only thing you can do is leave the people alone to sort out their own problems. Now, we've been through half a decade of interventionism and we now seem to be cycling out again as the difficulties of the operations in the Solomon Islands and East Timor become clearer. But this is always going to be a matter of degree because given the real security interests we have in the Pacific we can have no exit strategy from Melanesia.

These interests include the consequences of crumbling social infrastructure, corruption, crime, people movement and disease. HIV AIDS rates in Papua New Guinea are growing at African rates and by 2010 10% of the population could be affected. Security issues like these are not best addressed by traditional military forces. They require a very different mix of policing and development skills and very large resources. Australia is already spending about $700 million annually in Melanesia on development assistance alone. We spent $130 million from the military budget alone on our intervention in the Solomon Islands. There are questions of how we use what I said at the beginning are limited resources. Australia has

placed a lot of rhetorical emphasis on the need for whole-of-government responses to these problems, and I think it's done a pretty good job, but I don't think we've yet properly begun the task of allocating resources most efficiently to achieve our aims.

I want to mention one particular area of Melanesia that we need to address with greater attention and that is the Indonesian province of Papua. This seems likely to be one of the most difficult security issues for Australia and Indonesia over the coming years. For Australia it involves that whole range of new security interests that affect us elsewhere in Melanesia—people movement, refugees, disease, crime—as well as the most traditional questions of nationalism and state sovereignty. It has the potential, like East Timor, to disrupt and derail the rest of the bilateral relationship with Indonesia, partly because it engages immediate suspicions there over Australian intentions. Because any large-scale unrest in Papua could spill over to Papua New Guinea, with which Australia has security links and a treaty commitment to consult in the event of armed attack, it also potentially involves a third state.

On the balance between state and non-state actors, the developments in Asian power structures I discussed earlier will be a constant reminder to us of why states still matter. Non-state actors will continue to threaten us but after Iraq the relative roles of the military and intelligence forces in that struggle are likely to change. As the Prime Minister said yesterday, most of the struggle against terrorism will be borne by intelligence and prevention.

My final point is that in the great spectrum of our security interests, ranging from the global through the regional to the domestic, one unexpected and difficult theme that keeps recurring in this first decade of the 21st century is nation building. From the problems we've encountered in Iraq and Afghanistan through the dilemmas we face in the region in helping to rebuild East Timor, PNG and the Solomon Islands, to our domestic problems, where, as the Prime Minister said yesterday, social cohesion is a great national challenge, we are all in the nation building business now. It's a reminder to us all that the security debate is getting wider and more complex and that the participants in it need to be much more diverse too.

PERSPECTIVES ON AUSTRALIA'S STRATEGIC ROLE

From the Pacific—A New Zealand perspective on Australia's strategic role

Colin James

My brief is to give *a* New Zealand perspective on Australia's strategic role[1] so what I will say is *my* perspective not *the* New Zealand perspective, in the sense either of an interpretation of the official government perspective or of the country's collective perspective—though, of course, my perspective is very much informed and coloured by both.

Let me first set a context of some simple facts of life about New Zealand and its connection with Australia.[2]

First, New Zealand is a fraction of Australia's size in landmass and population. The relationship is inescapably asymmetric. This generates misperceptions, which colour all aspects of the relationship, including the strategic relationship.

Second, New Zealand is profoundly different from Australia—in geology, climate, flora and fauna and its indigenous people. Those differences have shaped the way New Zealanders think. Australians and New Zealanders are foreigners.

Third, New Zealand is profoundly the same as Australia—in British colonisation and an Anglo-Celtic majority, the common law, Westminster politics and a rich European and British cultural heritage. Australians and New Zealanders are family.

Fourth, Australia is strategically critical to New Zealand in *economic* terms and New Zealanders and New Zealand policy makers see the relationship predominantly through an economic lens. Now and for some time ahead New Zealand is and will be one of the less-well-off states of the now highly integrated Australasian economy. So New Zealanders at all skill (and non-skill) levels migrate westward at the rate of about 33,000 a year in search of higher incomes and more opportunities.

Fifth, New Zealand is *Pacific*. It is Pacific by an unalterable fact of geography, the march of demography and cultural evolution as it defines itself as a now fully independent nation in mentality as well as *de jure*. Australia looks *on* the Pacific. New Zealand looks on the world *from* the Pacific.

Given these commonalities and differences, it should be unsurprising that the strategic outlooks are closely aligned in some respects and in other respects very different.

Given these commonalities and differences, it should be unsurprising that the strategic outlooks are closely aligned in some respects and in other respects very different. This duality has at times confused perceptions and expectations of each other on both sides of the Tasman.

Hugh White was the first Australian, to my knowledge, to grasp fully that duality and to argue, in 2001, for an approach based on making the most of the commonalities,[3] though before him John Howard had, I think, reached the same conclusion, especially after New Zealand's indispensable contribution in East Timor. Now more people in Canberra follow Hugh White's path and even discover some potential lessons. I particularly note a series of recent papers by Robert Ayson,[4] a New Zealander who is now a senior fellow at Australian National University. And the tone of the security relationship is increasingly one of pragmatic cooperation, reinforced in the Status of Forces Agreement of 27 May 2005.[5]

The differences became acutely uncomfortable two decades ago when New Zealand extended its environmentalist-based anti-nuclear policy to ban nuclear-powered and nuclear-armed ships and aircraft. But in fact New Zealand had marked out different positions many times before then, in part because while in its long chrysalis of empire it viewed the world through a London lens: New Zealand donated a battleship to the Royal Navy a century ago while Australia founded its own navy; New Zealand kept most of its troops in North Africa and Italy in the Second World War when Australia concentrated on fighting the Japanese; New Zealand saw ANZUS and SEATO as second best to NATO; New Zealand joined the United States in Vietnam in the 1960s only with great reluctance; all before its anti-nuclear policy first pursued in 1972–75 and rigidified in 1985–86 ruptured its security relationship with the United States. Moreover, particularly under Labour governments, New Zealand has since the 1930s, when it broke with Britain over Ethiopia, given more credence to notions of collective security and multilateral mandates. This contrasts with Australia's tighter and more assertive focus on its national interests, pursued in part through its United States alliance.

It is inconceivable Australia would risk rupture with the United States as New Zealand did. It was inconceivable that New Zealand could have joined the Iraq invasion without severe political ructions.

Nor are New Zealand's differences the work of minority leftists and pacifists. They are broadly supported. When in July 2005 the conservative National party leader, Don Brash, was trapped into hinting that he might repeal just the part of the anti-nuclear law banning nuclear-powered vessels, that allowed Helen Clark's ruling Labour party to get itself off the opinion poll ropes and back into the election race, which it eventually won—and that was in part because the anti-nuclear policy is not just strategic but reflects also an environmentalist dimension.[6] Moreover it was the National party administrations of the 1990s which allowed defence spending to slide by about a third in share-of-GDP terms which limited the trans-Tasman 'closer defence relationship' agreement (CDR) designed to step around the anti-nuclear fallout. One the commonest complaints in Canberra through that decade was that New Zealand was freeloading on Australia. It has been Helen Clark's Labour administrations since 1999, which, though initially deepening the despair in Washington and Canberra by disestablishing the fighter wing in 2000 and freezing at two the number of frigates, have set in train an extensive re-equipment of the army and of naval and air force logistical support capacity and in 2005 committed to a ten-year programme of modest year-by-year real spending increases that should lift army numbers to two full battalions.

There are differences between the two main parties. But they are narrower now than at any time since the Vietnam war. The National party might spend more, though don't bet on it. It might buy some fighter planes but that is very unlikely if it comes at the cost of spending on the army. It reposes less faith in the United Nations than Labour and more willingness

to join military operations without a United Nations mandate; but it is most unlikely to reactivate the United States alliance if that requires a change in the nuclear policy. Most of the rest of the difference is rhetorical.

By contrast, from a New Zealand perspective, Australia's bipartisanship is ANZUS-based and committed to high-technology interoperability with the United States and a significant military presence in the region (though I do note Kevin Rudd's reported comment last week that Australia is taking the United States lead too often on foreign policy decisions and that 'at some stage during the last decade Australia's longstanding tradition of innovative, independent diplomacy appears to have been snap-frozen'[7]—most New Zealanders, from their vantage point of an 'independent' foreign policy, would agree).

New Zealand is not *allied* with the United States but, broadly speaking and with the proviso of independence of action, it is *aligned* with the United States ...

Sum up those differences and you conclude New Zealand and Australia, as I said earlier, are foreigners.

But look on the other side of this coin.

New Zealand is not *allied* with the United States but, broadly speaking and with the proviso of independence of action, it is *aligned* with the United States: in broad democratic values and practices; in Anglo-Celtic origins; and in the Enlightenment inheritance. Helen Clark was quick after September 11 2001 to offer fighting, then reconstruction, troops for Afghanistan. She contributed to Operation Enduring Freedom in the Gulf and joined the United States-led Proliferation Security Initiative. As soon as there was a United Nations mandate for the Iraq occupation, Clark committed reconstruction troops. Clark's New Zealand is Pacific but it is not pacifist.

New Zealand has for more than half a century been among the most active peacemaking and peacekeeping nations. New Zealand initiated the Bougainville settlement. It is alongside Australia in East Timor and the Solomons and will be in future in hotspots in the region—and Australian generals seem to be genuine in their praise of New Zealand troops' professionalism. The two armies mesh well and in some respects New Zealanders' different approach is a useful complementarity. There is now a pragmatic cooperation and recognition of each others' different value.

And New Zealand *is allied* to Australia. There is no question that if Australia was attacked, New Zealand would treat that as an attack on itself and respond accordingly. Ministers recite that as a mantra (though expect never to be called upon).

So New Zealand and Australia, as I said earlier, are family.

But embedded in that automatic commitment to help Australia defend itself from attack is a profound difference of vantage point and preoccupation. Safe and distant New Zealand's 'nightmare', to quote Hugh White again, is of *economic* insecurity; economically confident Australia's nightmare is of a threat to its territorial integrity and (perhaps more relevantly

since the Defence Update 2005 declared a military attack remote for the foreseeable future) to its national interests—and, I note from John Howard's speech yesterday, 'way of life'—with a heightened worry about terrorist attacks at home and abroad and about refugees.[8] Those different nightmares yield different perspectives.

For New Zealand the absence of threat takes two forms.

One is the absence of credible external threat to New Zealand's territorial integrity—a 'distance of tyranny' (*pace* Geoffrey Blainey), a distance that also applies to worries about refugees, too. This in part determines the electorate's and governments' parsimony in military spending and makes it unlikely any government could win an electoral mandate to spend commensurately with Australia.[9] And if a real threat of some sort were to materialise, New Zealanders are too few anyway to counter it. Hence New Zealand looks to multilateral options: being a good international citizen, playing by the rules of international law and preferring multilateral mandates.[10]

The second absence of threat is by New Zealand to anyone else. New Zealand is too distant, small and insubstantial. That lends logic to the recent focus on the army, as a well-equipped, well-trained, readily deployable force, well supported logistically by air and sea, able quickly to join in a coalition with others to make the peace on the ground and to keep the peace on the ground once made.[11] High-technology fighters and warships don't fit that frame, especially if there are so few of them they have to operate within others' forces—and even more especially if they consume money that could build the army. Besides, Helen Clark argues, fighters and frigates are not much use against suicide bombers. And she has always rejected the argument that high-technology air and naval capacity generates more goodwill with Asia (not to mention the United States and Australia) when it comes to winning trade and other concessions (though a different administration might take a different view on this.)

Seen from this modest perspective, Australia projects a sense of itself as 'big', a middle power ... and the only force capable of keeping order in the South Pacific.

Seen from this modest perspective, Australia projects a sense of itself as 'big', a middle power capable of playing and intending to play a role outside its borders, including in any Asian conflict, and the only force capable of keeping order in the South Pacific. New Zealand is harmless and Australia is not. Australia, especially given its 'deputy sheriff' alliance with the United States, can fashion (benign) threat—though whether it can keep up the necessary investment is a matter of speculation in Wellington as much as Canberra. Moreover, unlike New Zealand, Australia can credibly defend itself, both because of its investment in that capability and given its United States alliance.

It is at this point that, from a New Zealand perspective, the two countries' differences transmute into useful complementarity. Non-threatening New Zealand sees itself as having an easier relationship with southeast and east Asian countries than Australia: soft cop to Australia's hard cop, New Zealand's multilateralism offsetting Australia's tighter focus on its national interests. New Zealand was able without hesitation to sign ASEAN's Treaty of Amity and Cooperation as a precursor to an invitation to join the East Asia Summit, whereas

Australia had to think long and hard about it. Both countries are navigating some tricky shoals in balancing their economic and security interests in China and the United States. Having been the first country with a developed economy to open free trade negotiations with China[12] New Zealand is being drawn into the Chinese sphere of influence and will over time face some interesting challenges offsetting that with closer relations with India and continued relations with the United States. There is in some quarters a nervousness that Australia's stance could, if things go wrong, complicate New Zealand's balancing act.

It bears noting in passing that New Zealand's relations with the United States, including military relations, have improved significantly in the past year. There is a realistic prospect that United States' ban on joint exercises and training, which has been waived to allow training of New Zealand SAS troops en route to Afghanistan and on two more recent occasions, will be lifted. Deputy Secretary of State Christopher Hill, after visiting New Zealand in March to discuss New Zealand's initiatives in the Pacific, has since talked firmly of focusing on common interests, including security interests (the two have long worked together on trade and research) instead of the divisive nuclear issue. Republican presidential hopeful Senator John McCain, among others, has pushed for a free trade agreement and there are hints that such negotiations may reach the agenda. This change of attitude may be due both to the United States' need to reach out to more than the Iraq invasion coalition as things have gone bad there and also to recognition of New Zealand's role in Afghanistan, Timor and, particularly, in the Pacific.

Which brings me to New Zealand's Pacific dimension. New Zealand was originally settled from the Polynesian Pacific and since the 1960s large numbers more have come to the join the indigenous Maori. It is nearly one-quarter Polynesian in its population makeup and more in its armed forces, with a Maori Chief of Defence Staff. Maori have recognised constitutional and cultural status and the mainstream language and custom is increasingly influenced by Maori, and to some extent Pacific, language and custom.[13] When the army goes to the Pacific, locals see Pacific people and whites working easily together and those whites have some understanding of Pacific ways. Again, an absence of threat.

It also engenders superior feelings in New Zealand about Australia in the Pacific: a 'we know and you don't' attitude, reinforced by the success of the Bougainville intervention. This is at most only partly true and generally much less true of Melanesia which, Fiji apart, has only relatively recently gained high profile in New Zealand. New Zealand also knows, however, that when things go bad in the South Pacific, only Australia has the muscle and the numbers to intervene effectively (note Ross Terrill's comment at this conference last year[14]). In such events Pacific New Zealand can in a sense be the interpreter.

And, as New Zealand would see it, Australia needs an interpreter. From a New Zealand perspective, Australia sees the Pacific as potential or actual failed states, a potential source of terror and/or transnational crime and/or drug trafficking and/or pandemics (not to mention a corrosive China–Taiwan rivalry) and accordingly fashions an Iraq-style fixit response which a New Zealand analysis would say is bound to fail because it fails to see the island societies, economies and governments in their totality. New Zealanders, perhaps unjustly, would urge a more subtle analysis. Periodic military and policing interventions won't address the lack of jobs for the exploding populations in Melanesia, which pose a complex strategic economic, social and political challenge for Australia and New Zealand, not just the islands themselves. Pacific labour mobility is just one of a number of interrelated issues.

Nevertheless, make no mistake, whatever the past rivalry—not least over the appointment of Greg Irwin as Pacific Forum Secretary-General in 2003—Pacific New Zealand wants Australia and its muscle in the Pacific and Australia's recent decision to add two battalions to the army to improve its on-the-ground capability in the region is seen as welcome realism.[15]

Which leaves the gritty subject of terrorism. From their safe little cave at the bottom of the world, New Zealanders are essentially spectators of terror—again an absence of a sense of threat. Nevertheless, ministers are, as Defence Minister Phil Goff has said, aware that 'New Zealand is not immune to the security challenges ... such as terrorism, weapons of mass destruction and the illegal movement of people, drugs and weapons'.[16] So essentially New Zealand's policy responses have been to fit in with the requests from the United States, Australia and international authorities in 'whole-of-government' responses involving police, customs and intelligence sharing. Whether this amounts to a perspective on Australia's strategic role depends on whether combating terrorism is strategic or a case-by-case policing action. Given that it is principally Islamist terrorism that has generated the 'war on terror', that depends in part on a view of Islam and the link between Islamic teaching and violence, which is much more discussed (viz, over the Pope's entirely justified remarks) in Australia than in New Zealand. It might take a Bali-type attack on New Zealanders abroad or a home-grown outrage to jolt New Zealanders into full empathy with Australians on terror.

I will pass over the wider dimensions of water, energy and climate change as strategic issues. Water, I think, is a bigger international issue (and economic threat) than either country yet recognises, energy is going to get very big (but both countries are energy-rich, at least potentially) and New Zealand bothers more about climate change than Australia.

So what sums up a New Zealand perspective on Australia's strategic role? Essentially a pragmatic ambivalence: Australia is big, even a bit grandiose and inclined to insensitivity; Australia marches alongside the United States in a way New Zealand never has; Australia reaches for the hardware when New Zealand would look for other options, at least as an adjunct; but New Zealand is (*sotto voce*) mighty glad Australia is there and has the United States in tow; and New Zealand is keen to keep pragmatic cooperation going.

New Zealanders would probably endorse Robert Ayson's comment that the two countries have 'different but by no means incompatible outlooks'.[17] And, from a New Zealand perspective, Australians seem by and large to have come tacitly to endorse that, too.

Endnotes

1 I shall take as my guide a modified version of Allan Behm's five-item formulation (see citation under note 3 below, p104)—direct defence of Australia and its interests, protecting regional defence interests, maintaining the alliance with the United States, maintaining effective regional defence relationships, particularly with New Zealand and retaining a capacity to contribute to broader international security efforts, especially in cooperation with the United Nations—to which I add, actively participate in the war on terror.

2 I have explored the trans-Tasman relationship since 1990 in 'Three-step with Matilda: trans-Tasman relations, 1990–2005', in ed Alley, Roderic, *New Zealand in the World 1990–2005* (Victoria University Press, Wellington, forthcoming) and the future relationship in 'Foreign and Family: the Australian Connection—Sensible Sovereignty or Niggling Nationalism' in ed Lynch, Brian, *New Zealand and the World: the Major Foreign*

Policy Issues, 2005–2010 (New Zealand Institute of International Affairs, Wellington 2006), pp29–37. The notes to the first of those chapters point to other source materials.

3 White, Hugh, 'Living without illusions: where our defence relationship goes from here', in Catley, Bob, *Moving Together or Drifting Apart*—papers from the 36th Otago Foreign Policy School (Dark Horse Publishing Ltd, Wellington, 2002), pp129–38. See also three chapters from ed Grimes, Arthur, Lydia Wevers and Ginny Sullivan, *States of Mind: Australia and New Zealand 1901–2001* (Institute of Policy Studies, Wellington, 2002): Behm, Allan, 'Defence and Security Across the Tasman', pp95–108; O'Brien, Terence, 'Open Minds and Other States', pp109–115; and Beath, Lance, 'Imagination, Ambition Vision and Realism: Moving Forward in the Defence Relationship with Australia', pp116–127

4 Ayson, Robert, 'New Zealand, the United States and the Changing Balance in Asia', Trilateral Dialogue, Germany, Australia and New Zealand, Lowy Institute, Sydney, 17 February, 2006; 'Australia's Defence Dilemmas', Australian National University Blake Dawson Waldron Lecture 23 May 2006, published as 'Understanding Australia's Defence Dilemmas, in *Security Challenges*, vol 2 No 2, July 2006, pp25–42; 'Converging Without a Trilateral ANZUS? Australia, New Zealand the US and the Regional Balance in Asia', 2006 Fulbright Symposium, Maritime Governance and Security: Australian and American Perspectives, 28–29 June 2006; 'The Australia–New Zealand Connection' draft chapter for ed Taylor, Brendan, *Friendships in Flux? Australia as an Asia–Pacific Power* (Routledge, London, forthcoming).

5 http://www.dfat.gov.au/geo/new_zealand/nz_country_brief.html, accessed 24 September 2006

6 In 1992 the conservative National party administration of Jim Bolger backed away from repealing the nuclear propulsion provisions even though it had a huge parliamentary majority and a scientific report that minimised the possible environmental danger from such warships.

7 'We're following US lead: Rudd', *The Australian*, 20 September 2006

8 'Same bed, different nightmares' was White's lapidary answer to a question after delivering the above paper at the conference.

9 If Australia can pay to staff six battalions from a population 20 million and also run a significant high-technology air force and navy, New Zealand, were it spending pro rata, logically could fund at least two battalions from 4 million, if it is to settle for only a medium-technology support air force and navy. As it is, New Zealand draws heavily on reserves to staff its peacekeeping rotations and has very little, if anything, available for a new Solomons or new Timor.

10 New Zealand joined K-force in the early 1950s. Quite apart from any realistic assessment of the potential for success in Iraq, Clark was not prepared to join an invasion which had signally failed to get United Nations support but did send reconstruction troops when the United Nations did mandate that. Clark has, however, been prepared to join NATO-led operations, as in Afghanistan.

11 Beath, Lance, (op cit, 'Imagination, ambition, vision and realism', p126): 'The critical issue is … the effectiveness with which we can combine national components into a coalition force.'

12 This was in recognition of two other 'firsts', New Zealand having been the first country to sign a bilateral agreement on China's admission to the World Trade Organisation and the first to recognise China's market economy, and more generally in recognition of New Zealand's independent foreign policy, which the Chinese Ambassador, Chen Ming Ming, praised at a conference in Wellington on 26 November 2003, organised to promote New Zealand opinion-leaders' interest in Asia. Ambassador Chen noted that 'New Zealand had been able to approach sensitive issues in the region with discretion and respect. It was not intrusive. Asian countries admired New Zealand's willingness to speak out on critical and sometimes sensitive issues, knowing this might impose a cost on its interests in other fields.' (*Unleashing the Energy of New Zealand's Asian Links*, final report of the Seriously Asia conference, Asia 200 Foundation, May 2004, p20)

13 For a more detailed description of this see Colin James, 'The Pacific-ation of New Zealand', speech to the Sydney Institute, 3 February 2005 (http://www.colinjames.co.nz/speeches_briefings/Sydney_Inst_05Feb03.htm) published in ed Henderson, Anne, *Sydney Papers*, vol 17 issue 1 (Summer 2005), pp138–145, and other speeches and writings on www.colinjames.co.nz.

14 Terrill, Ross, 'Taking the long view: China's emerging great power role in the Asia–Pacific region', Global Forces 2005, proceedings of the ASPI conference, day 2—strategic change (Australian Strategic Policy Institute, Canberra, 2006), p33: 'One speculates that twenty years hence Australia and China could be the two powers in the shadows as a tug of war goes on in the internal and external policies of certain weak South Pacific states.'

15 Ayson (op cit, 'The Australia–New Zealand connection') argues that 'the difficult challenges of encouraging stability in a number of Melanesian states have concentrated minds in both Canberra and Wellington and helped energise the bilateral security relationship between them. To this extent at least, bad news in the immediate neighbourhood has been good news for Australia–New Zealand security relations.'

16 Goff, Hon Phil, 'Transformation of a small defence force', address at the National Defence University, Washington DC, 21 April 2006, p1.

17 Ayson (op cit, 'The Australia–New Zealand connection')

Dato' Dr Zakaria Ahmad

I must qualify my thoughts today as primarily that of a Southeast Asianist and whose intellectual training and approach correspond to that of a neo-realist, perhaps even neo-Clausewitzian viewpoint, unfashionable as it may seem in these interesting times. In these interesting times of the 21st century, while force remains a weapon, and especially so under the guise of a pre-emptive military option of first choice in the global context of unilateralism, wise students of strategic studies comprehend very well the pitfalls of the use of force and the need to understand the range of complexities, referred to not so long ago by that eminent military historian Michael Howard as 'the forgotten dimensions of strategy'. We need to remind ourselves of the apparent quagmire the unilateral use of force has wrought in Afghanistan and Iraq. That, too, in spite of the unsurpassed and unparalleled utilisation of technology and its corresponding lethality, thus far demonstrated vividly in the Middle East.

The limits on the use of force in strategy may therefore be a first primer Australia needs to consider in its pursuit of its political interests. A lucky country, if not a continent, by any reckoning, the country down under may well want to think that its interests are best served to use force only as a last resort and to use the many other ample resources and assets in the furtherance of its objectives.

In the past two days, reference has been made to many facets of security and strategy, factors that are worthy of debate in our deliberations about Australia's strategic rule. It has been said that by an accident of geography Australia is not in NATO. But we were reminded by the Prime Minister's remarks yesterday that Australia has very much served western strategic interests in the past. I come from a country in which a previous Prime Minister had alluded to Australia being a 'deputy sheriff' in relation to the United States. This is a poignant remark which strikes a chord in Australia as Australia begins to want to play a significant role in the Asia–Pacific region.

This leads me to raise four issue areas. Number one, the notion that Australia is not 'Asian enough' for it to engage in the region seems flawed when that disqualification accrues more disadvantages than benefits. It is too easily forgotten that Australia has been, and continues to be, an invaluable source and venue of training in the educational, vocational and military sectors in Asia. In this context, looking at Malaysia's experience as a beneficiary, more than 100,000 Malaysians in the past several decades have obtained their education in Australian tertiary institutions, an impressive and indelible record. Thank God, or thank Allah, however, that this impressive record has not meant that Australian-trained Malaysians speak Australian English. Nonetheless, it seems to me that whether Australia is 'Asian enough' remains problematic even as Australia quickly grows more diverse and away from its Anglo-Saxon roots.

The second issue relates to the regional role that Australia can play, essentially not one only of engagement but also as a 'thought leader'. A lot can be achieved if a more autonomous posture could be projected in the pursuit of diplomatic, political and military programs. One might argue that the lesser the perception that Australia is a proxy power for other greater interests or superpower interests, the more that it can contribute greatly to enhancing its role in Asia.

A lot is achievable if a less patronising demeanour could not only be discerned but actually recognised by Australia's Asia–Pacific neighbours. There seems to be a lot of knowledge being taught about Asia in Australia but how that gets translated in meaningful relationships to me remains a grey area. Also, there is the need, in my view, for Canberra's policy makers to reflect on their role in Asia.

It may be argued that Australia's strategic engagement may well need to be based on ideational criteria. This is a difficult area which needs to be raised, perhaps at a 2007 Global Forces meeting. Let me tease out several possibilities.

Firstly, perhaps, Australia as a liberal democracy. Here we may ask if an Asian variant is contradictory to the Aussie model and how that may be overcome in terms of the translation of that model in Asia. Second, Australia as a trading country with a liberal but fair economy. This is an idea which seems to be contradictory to the Asian growth factor which has been basically based on dirigisme, and perhaps the Australian model of economic prosperity may present possibilities for emulation in Asia. Third, a secular system of governance not necessarily discordant with religious characteristics. Clearly this has to do with societies caught in Islamic revivalism, but perhaps Australia has learned to live with its Islamic citizens and perhaps this may be a question to ponder that Australia may want to think in terms of its diversity which can be a model for Asia. Finally, the fourth area, I think, is whether an Australian approach to the problems of a global economy and the ICT revolution that can serve as a model for developing Asian societies. This again, I think, is something that has not been well explored here or even understood in Asia.

It may well be that Australia is a regional power or actor and that as a constructive power may well deserve the larger objective or role of keeping the 'barbarians away from the gates' ...

It may well be that Australia is a regional power or actor and that as a constructive power may well deserve the larger objective or role of keeping the 'barbarians away from the gates'—barbarians not only refer to those who execute drug traffickers but, perhaps more importantly, I refer to those threats which have become part of the non-traditional security paradigm. That may also include aggressors who commit military aggression, although that remains a remote possibility.

Australia is clearly an oceanic power. But, as an Asian Pacific power, it underlies a status that I think carries many risks. Is it in Australia's interests to be caught in a balance or contest of power as the region is transformed with the rise of China and India or even that of lesser powers? This calls for a grand strategy with clear-cut objectives. Australia, however, is not an imperial power, even if its capacity matches that of any middle power or middle power aspirant. In Southeast Asia, an Australian role can be benign but this view is probably not unanimously shared in the region. Certainly, thus far in Southeast Asia, Australia's role in my mind has been salutary and welcome: as an interloper perhaps in the five-power defence arrangements (FPDA); as a possible deterrent force against potential Indonesian aggression; as an asset in military professionalism and structural transformation; in the defence of

sovereignty in regional conflict and in assisting in anti-communist insurgency efforts as in the past. In the war on terror, also, Australia plays a role here.

Both in military and non-military sectors Australia has a role that can be matched by its capacity and its ingenuity—in business practices, technological innovation, intellectual property sharing, et cetera. It seems to me that we can ask of Australia's role in terms of desiderata. What does Australia want to be in Asia? In asking this, one can also raise the issue in reverse: what do Asians want out of Australia or from Australia? Is Australia on the rise or is it something best left down under? We are afraid of the rise of China, or India or ASEAN but certainly not the rise of Australia. I don't mean here of Australia as an old society that has arrived and is therefore forgotten, but perhaps of its emergent role from what had not existed before.

Asians often forget that Australia is a large country. Its land size is equal to the continent of the United States. It has sinews in resources, both natural and human; it has capabilities and it is a country that we can call a 'can do' country or a 'can do' power. The image of Australia, however, is that it is a distant land, with its people enjoying a quality of life, excelling in sports, drinking lots of beer. Perhaps Australians should stay at home and not venture forward. But to think constructively, I think Australia in Asia can be a middle power with robust military capabilities which can play a security role in Asia, not as an interventionist power but perhaps using its strength and wisdom as a middle-man of sorts. It may need to shed its European lineage to gain respectability and credibility in Asia or it can promote peace in cooperation with other powers, and in this context perhaps Australia can work together with Japan and Singapore.

Why these two countries? I think these two countries are quite similar to Australia in many ways, in terms of capacity and approach and for the fact that they do want to have peace evolving in the region. Japan is an Asian power with western clothing; Singapore is a western power in Asian clothing. Australia, perhaps, I don't know, they're quite mixed up, but they still remain a western power in western clothing but happen to be sited in Asia. These three powers, in my mind, can play some kind of constructive role in the region if we can think forward in those terms.

But having said that, I think there is another element that Australia has played a role in the past and which can continue in the present. This is a question of Australia's role in Southeast Asia, and perhaps not only in ASEAN but also in the East Asian Summit (EAS). Australia should continue in this effort. However, Australian policy makers should be reminded that they should not expect any substantive results for a very long time. But, on the other hand, Australia can and has contributed a lot to the stability and political change of Southeast Asia. This is something, again, that Australia can play a role, in my mind, much nearer to its borders than moving itself far forward into Asia. Finally, I think we can think of Australia playing a role in terms of region building in a diverse Asia and engage with deterrence its strategic centrality.

I want to end on a final comment, perhaps an observation that will cap this presentation. The problematic of Australia's strategy is to discover an abiding sense of its core interests as a regional actor in a rapidly-changing and globalising world, one in which it may assume will require an intersect of its regional and global concerns. I have trouble trying to understand this abiding sense of its destiny. Can Australia through its wisdom and experience discover where its true interests lie as it tries to remain both a western power but resident in the Asia–Pacific region?

PANEL DISCUSSION: WHAT DOES ALL THIS MEAN FOR AUSTRALIA?

Owen Harries

I'm going to restrict myself to two quite modest questions: first, the future of American foreign policy and, second, the future of Australian foreign policy.

... the question I think that we're faced with ... is will there be a significant change, a discontinuity, in the American foreign policy in the post-Iraq, post-Afghanistan period ...

As far as America's foreign policy is concerned, the question I think that we're faced with, and faced with sooner rather than later, is will there be a significant change, a discontinuity, in the American foreign policy in the post-Iraq, post-Afghanistan period and post the Bush presidency or does the behaviour of the last five years represent a deeper feature of American view and attitude towards the world with more durability? Our two American speakers, Drs Tellis and Gordon, both indicated that they anticipate change in the next few years and I think there are some good and plausible reasons for believing that there will be change, that the current policy of the Bush doctrine has essentially been the product of the trauma of 9/11 and that as the memory of that wears off the urge to act in the way that the American Government has acted in the last three years will diminish.

It also, I think, is given plausibility by the fact that surely after the failures of Iraq and Afghanistan there will be a reassessment of policy that will lead to change, that this, to use a phrase that was used of the British after Suez, 'This has been no end of a lesson' for the United States and it will adapt accordingly. These are powerful considerations but it seems to me that there are also powerful considerations on the other side arguing for more continuity, and these arguments are both structural and cultural. Structurally, whatever happens in Iraq, whatever happens in Afghanistan, whoever is president, the United States will continue to be the hegemonic power for decades, and hegemony traditionally, and as understood in both theory and practice, are never going to be modest countries—they expect to be, and they insist on being, dominant and one setback or miscalculation is unlikely to change all that.

Culturally, there is also the fact of American exceptionalism, something that would be underestimated only at great peril. This is the deep set conviction, going back to the country's origin, that it has a mission, a destiny—perhaps a divinely ordained destiny—to remake the world in its own image. I think it would be very foolish and dangerous to underestimate this element in America's makeup and it is an element that means that there will be an element of continuity, that the Bush doctrine represents something deep in the American psyche and makeup. Possibly then, the lesson drawn from Iraq will not be, 'No more of this', but 'Do it right next time'.

There are arguments for and against but it seems to me there are also some serious unknowns. The first unknown is whether there will be another serious terrorist attack

on the American mainland which would change the whole position and the whole set of calculations. Secondly, we don't know who will be the next president and the character of the president, as the Bush Administration has shown, as the Reagan Administration showed before it, can be a decisive factor in determining the way the country behaves.

We have heard the name of McCain mentioned over the last day. I happened to spend an hour interviewing McCain back in 1996 during the then presidential election and I found him an intriguing, interesting and not altogether comfortable man to come to grips with. He's one of the American politicians who to an exceptional degree, I think, is inner directed, he's his own man and a man of very strong convictions. One might sum him up by saying he is uncomfortably interesting. What you might get then, or what I expect, is not abandonment and reversal of the present policy but more modification, circumspection and perhaps less unilateralism in the American makeup.

... Australian foreign policy its outstanding feature, its most striking feature, is its simplicity and consistency.

Now I will turn to Australia very briefly, and I can be brief because Allan has said some of the things that I wanted to say, and said them better. It seems to me that historically when you consider Australian foreign policy its outstanding feature, its most striking feature, is its simplicity and consistency. At the highest level in terms of grand policy, from the beginning it has consisted essentially of Australia attaching itself to a powerful country that in interest terms shares its concern to maintain the status quo and in value terms shares its commitment to liberal democracy and market economy. Everything else has ultimately been subordinate to this and something that can be dismissed and subordinate to it, even things that at that time we called vital interests—if you think back to Dutch West Irian and the way we accepted America's decision on that without much demand. The only occasions when there's been any suggestion of difficulty, of complexity and uncertainty, is when Australia has two potential great powers to choose from when things have become difficult, as it did precisely 50 years ago over Suez. But after what happened at Suez, Australia learnt its lesson and has rarely, if ever, deviated seriously from the American position since: it's been an undeviating attachment to the United States.

Now, it seems to me that this simplicity can no longer last, and this for two reasons. Firstly, because the United States has changed. The United States is no longer the status quo power that made it a perfect fit for Australia as an ally. By its own definition, in the last few years its become a revolutionary country that wants to change the world order profoundly. This does not suit a country like Australia which is essentially a satisfied country. There will no doubt be modifications post-Bush, but again it'll be a question of degree and I don't think the fit will ever be as comfortable for us as it was in the past.

The second reason, which was covered very adequately by Allan, is the rise of China and Australia's association with China, the fact it has become our second biggest trading partner and will probably become our major trading partner, the fact that our trade with it in imports and exports are increasing at over 20% a year. That gives us a very strong reason for introducing complexity into the relationship with the United States. Japan was different

because Japan was close to America; China is not and will not be. Also, China has become a presence in our region of increasingly significant importance. The old argument, which was a strong one, for the American alliance, fear of a downward thrust of China, doesn't exist any more. It seems to me that Australian foreign policy is going to lose its profound simplicity and become a more complex and ambiguous affair from now on.

I don't think a harsh, violent choice between the United States and China is going to be necessary, unless one or two of those countries insist on it, and I don't think China will—perhaps the United States will but I doubt it. We're going to have to learn to ride two horses simultaneously, which is not the most comfortable of feats. We're going to have to cultivate a greater degree of complexity and ambiguity than we have in the past.

I think I've probably run out of my time. I'll close with two quotations for you to think about. The first, by Lord Salisbury, one of Britain's better foreign ministers, and prime minister too, who once pronounced that 'The commonest error in politics is sticking to the carcass of a dead policy'. I think it is worth pondering that. The second quotation, possibly apocryphal—in fact, I think it must be—General Custer's last words at Little Big Horn as the Sioux advanced, 'I will not cut and run'.

Ross Garnaut

Allan Gyngell's and Owen Harries' presentations are good introductions to my own. If I had been here two speakers ago, my theme would have been that this conference has failed in the most essential task of a conference about high strategy. I would have emphasised the importance of focusing on dilemmas and difficult choices.

Much of the discussion of the last couple of days has been on the basis that the choices are relatively easy. The Prime Minister in his address yesterday talked about a long list of things that we were going to do, but there was no articulation of the need for choice between competing objectives. There was no mention of the United States alliance, which Owen Harries has just told us raises some of the most difficult questions of choice in the period ahead. Allan made the theme of his presentation the importance of choice and that filled out a big gap in the conference. Owen has taken that further just now.

There's been very little discussion of international economics in the conference, and I might even have been asked along here to fill that gap. I don't think you can do that in five minutes at the end so I won't try to, except to say one thing. There has been some reference in the last couple of days to free trade agreements (FTA) and preferential trading areas. Economists think that there is a fundamental choice between free trade and free trade areas. Free trade is about globalisation. Free Trade Areas are about placing limits on globalisation. The recent proliferation of FTAs or preferential trading area is not benign. Continuation of current trends could give rise to some very serious difficulties. The drift into preferential trade is likely to damage all countries economically. Strategically, it is likely to be favourable only to China. It could be very unfavourable strategically to our ally across the Pacific.

The first fundamental issue of choice to which Allan drew attention was budget choice. He made an important point, that choices have been easy in 15 years and one quarter of sustained economic growth. He raised the question about what happens if that growth falters. If you analyse the fifteen years of sustained economic growth in Australia, it breaks down into three periods. We had nine years of very strong productivity growth on the back of the reforms of the eighties and nineties. We had several years of debt-funded consumption and housing boom, which could have led to large difficulties. Then growth was saved by a China boom which continues today, and which may continue for a considerable while. But choices will suddenly become much starker if there is any faltering of Chinese growth in the period ahead. We have a huge strategic interest through our budget, as well as through other mechanisms, in the continuation of strong growth in China. At some time in the years ahead, China as a market economy will fall victim to old-fashioned business cycles, so there will be some bumps in the road.

When you think strategically of the relationship between security and the budget, you immediately recognise a choice between security now and security in future.

When you think strategically of the relationship between security and the budget, you immediately recognise a choice between security now and security in future. The more you spend now on defence, the more secure you are now, but the weaker your economy in the

future because you are investing less in other things. The Soviet Union in the end collapsed for a number of reasons. One important one was that it could not sustain the defence expenditures associated with fighting the Taliban in Afghanistan and the competition in the arms race with the United States. The strong economic performance of Japan and Germany in the fifties and sixties owed something to very low defence expenditures. The strong performance of the United States in the 1990s, with high levels of investment and low long term bond rates, was a peace dividend as the defence strain on the budget was reduced. More economic investment and growth expands the economic base for greater security in future, through defence expenditure and in other ways. We face a choice between more security now and more security in the future.

When we think about choice, we recognise that our strategic environment is potentially a very costly one. In the discussion in the last session there was a comment that our army was not large enough for a major effective intervention in stabilisation of Papua New Guinea if things went badly wrong. Even if that view is not soundly based, there is still a choice to be made between preparing for severe contingencies in our region, and gearing our forces structure for other types of engagement. We have to decide what are our most compelling strategic interests and devote resources to them.

Fortunately just at the moment Papua New Guinea is not doing uniformly badly. It's not noticed in Australia but it still does have a democratic constitutional order, which makes it radically different to the Solomons or Timor. It does have a sound macroeconomic policy, which makes it different from most developing countries. Lots of things don't work in Papua New Guinea. But some things work reasonably well, including some of the most important things. So there is something to work on.

Indonesia is the other potentially highly demanding call on our strategic resources. In Indonesia, things are going well in the bedding down of democracy. There has been good recent progress in the management of the economy within a democratic polity, something that was seriously in doubt until about 18 months ago. The last 18 months have seen some really hard things done by the central bank, the parliament and the president. This shows that effective economic policy can be undertaken in that democratic polity. But, for all the reasons that have come up over the last couple of days, things could go wrong.

The big choice elephant in the room that no-one has been talking about, until Allan a bit and Owen at greater length, is choice in relation to the United States alliance. Everything is fine if our strategic assessments and our strategic interests coincide with those of our ally. If our objectives are simple enough then they may often do so. Things are very difficult if you don't have that coincidence. There could be differences of assessment, or of intelligence. There could be differences of interest. I could give examples of potential conflicts of interest but that would take time. The point can be made by asking bluntly the question: what would happen if the United States made as big a blunder on a big strategic issue in our own region as it has made in Iraq? We would be given some very difficult choices.

If that choice does ever arise, the value of the alliance is so high to Australia—not so high but not insignificantly high to the United States—that it would be a great pity for both of us if the choice is only between destruction of the alliance and Australia dropping any pretence that its foreign policy is run in terms of its own national interests. This was the unfortunate choice that was available in relation to New Zealand when it left the Alliance over two decades ago.

Over what could such fundamental conflicts arise? Well, they won't arise if Australia's assessment is that military intervention is necessary and the United States' is that it's not. Those issues are easily resolved: there'll be no intervention. That happened twice in the 1960s. The Menzies cabinet thought about invocation of ANZUS over Dutch New Guinea and over Malaysia. It was quite clear that the United States did not see its strategic interests engaged. That sort of issue is easy. Probably the same thing would happen again if Australia formed an assessment that military intervention in a large way in Southeast Asia was necessary and the US decided it was not.

The bigger dilemmas arise, the bigger questions of choice, if the US decides that military intervention is necessary and puts pressure on us and we in our own national interest assess that it's not necessary. It could happen over Taiwan. Paul Dibb mentioned a memorable occasion in 1999 in Sydney, at one of the early meetings of the US–Australia Leadership Dialogue. Dick Armitage, then foreign policy advisor to candidate Bush, put the question rather starkly to us, 'Are you ready?'. 'Ready for what?', I said, Stuart Harris said, Paul Dibb said. 'Ready for war with China?'. We looked at each other, 'As a matter of fact, we're not'. 'Well, it might be necessary', said Dick, 'and if American boys are spilling blood on the beaches of the Straits of Taiwan it's not acceptable for Australian boys not to be spilling blood with them'. Fortunately, we haven't faced that choice. The possibility of facing that choice is less likely now than it was seven years ago. One of the few beneficent consequences of the Iraq intervention is that it has changed the atmosphere of US–China relations. It has changed the circumstances in which the US would judge that military intervention was a good idea over Taiwan.

North Korea is a very important area of potential divergence of interests. The issue is made more poignant by the fact that our close friend and economic partner, South Korea—ally of an ally—and our close economic partner, China, have formed a very different strategic assessment from that formed by Japan and the United States. Until this issue is resolved, there is potential for some difficult choices arising.

There could be very difficult choices in the trilateral relationship between Japan, the US and Australia, and this trilateral group's relations with China. We got a little bit of a flavour of this in Xiao Ren's presentation about China and about Sino–Japanese relations. There's a lot of deep history here. Japan's strategic orientation has not been tested in circumstances in which Japan is a normal country, in the sense of having normal, unconstrained military commitments. There are elements of the Japanese polity that instinctively seek a more East Asian face for Japan and Japanese policy. There are elements of the Japanese polity that take huge comfort in continuation of the US alliance more or less as it is. There will be deep pressures on this issue in Japan over the generation ahead and it could break in a number of ways. We would be wise to recognise that there's a wide range of uncertainty there. We would also be wise to think through issues of choice.

Above all, we need now to be talking to our friends in Washington DC about the circumstances in which we can exercise choice. If we haven't worked some of those things out in advance of a crisis, we will be faced with the ugly and unproductive choices that destroyed ANZUS in its original formulation back in 1984.

Elsina Wainwright

I'm going to talk about three issues this afternoon and I selected these in a highly systematic and scientific way: ones which I find interesting, that I think require further analysis, and that I didn't think that my fellow panel members would address. This is how I've arrived at talking about, firstly, fragile states, secondly, the limits of state building and, thirdly, demographics.

In terms of fragile states, I was struck yesterday when we heard from the Prime Minister that he thinks that fragile states are related to almost every threat we face. There is no doubt, it seems to me, that fragile states, with their frequently poor governance and poor institutions and service delivery, severe problems with economic growth, poor human capacity, infrastructure, large populations and high population growth rates, can tend to be havens for transnational crime, tend to real instability, which can spread out beyond their borders and affect neighbouring states and the broader region.

If they collapse, weak and fragile states can create significant regional instability in the form, for example, of refugees and crime.

This problem is set to increase in Asia. We heard from Dr Noronha yesterday that some states are, and will continue to be, left behind by the extraordinary growth in Asia, which is being largely driven by India and China. As these states are left behind—and I'm thinking of Cambodia, Laos, Nepal, and I would also include the Philippines, Burma, North Korea and Pakistan—it amplifies the stresses on these states. For example, Cambodia, next to a stronger, more successful Thailand with its recently tightened security infrastructure, is becoming more of a haven for transnational crime—for instance, we saw the terrorist operative Hambali spending time in Cambodia a few years ago. If they collapse, weak and fragile states can create significant regional instability in the form, for example, of refugees and crime. And as we heard from Professor Lee, they can jeopardise economic growth. Professor Lee also mentioned how consequential it would be for the region if North Korea and Pakistan were to collapse, and the nuclear dimension in these cases makes it even more concerning.

So what are the implications for the region? Well, states of the region have to think of responses. One response, clearly, is to think about how they would deal with a collapse and what they would do. But another kind of response is to work to build up weak states to prevent collapse. Again we heard from the Prime Minister yesterday of the increase of the army by two battalions, and he also mentioned the recent increase of the International Deployment Group within the Australian Federal Police to deal with problems, in particular in the weak states in our immediate region such as East Timor and the Solomons, and as he mentioned at the time he announced the army and the IDG increase, Papua New Guinea. But, as we've heard from Allan Gyngell and Colin James, we are not just dealing with military and law and order problems, we are also dealing with a raft of governance issues, and so you have to be a bit more subtle and nuanced in the tools you use. It's not just military, it's not just police, it's lawyers, it's people from Treasury, it's accountants, and aid workers of course, who are all needed to deal with the very difficult problems of governance that are faced.

That leads me on to my second point and that concerns the events this year in East Timor and the Solomons—I gave birth on the day the Solomons' riots started so it was particularly memorable for me. But I think these events demonstrate the limits of state building. We are seeing that improving governance is enormously fraught, extraordinarily tough, and any kind of intervention has a hugely transformative effect on society. Sometimes that's for good and sometimes, as we're seeing, that can be for ill, and I'll talk about Iraq and Afghanistan in a moment. Also, improving governance is a very long process and it can be vulnerable to fractures in bilateral relations at the very top. I think we've seen that recently regarding East Timor and the Solomon Islands, and we saw it with Papua New Guinea with the scuppering of the Enhanced Cooperation Program last year.

It seems to me that you have to have relationships with these countries which are deeper and more broad ranging to perhaps withstand the breakdown of relationships at the very top, but it's very tough. An intervention can tick every box and fulfil all the goals it has set out to do, but a place like the Solomon Islands just might not be economically viable. That's got nothing really to do with RAMSI; RAMSI's trying to improve the Solomons' economic governance, and I think RAMSI has been performing very well. But in the end it's an issue of the Solomon Islands' critical mass. The problem of state building in our immediate region is going to be an enduring foreign policy challenge for Australia and I think we have to be under no illusion how difficult it is. As Allan Gyngell and Ross Garnaut have just pointed out, in times when resources are finite, in times when the economy starts to turn, tough choices will need to be made about where we put hundreds of millions of dollars. I think that continual thought needs to be given to maximising the effectiveness of these operations, especially to broadening the relationships so they're not as susceptible to shocks.

Iraq and Afghanistan, briefly, likewise demonstrate the limits of state building and the impossibility of meaningful reconstruction in a situation of insecurity. We had very bleak assessments on Iraq and Afghanistan from Dr Chaliand yesterday and Dr Gordon today. In the interests of time I will just talk about Afghanistan. We have heard about the Taliban activity increasing significantly in the last little while. Afghanistan has been nation building lite, it really defines what nation building lite is. As I understand it, it's NATO's first out of area operation. The US is drawing down and it seems to me there are insufficient troops for the task. We heard from Dr Lindley-French yesterday about the prospect of an enhanced NATO but we also heard from him and Dr Chaliand of the problems in getting European states to stump up the troops for the south, of the very difficult conditions in the south, and that more troops are required. The British are doing it very tough in Helmand, the Canadians are in Kandahar, and, of course, we are going in with the Dutch in the province of Uruzgan. We also heard about the circumscribing national caveats which some of the European states elect to put on their troops. The NATO Secretary-General's pleas for more troops, as we have heard, are falling on deaf ears. It does seem to me that NATO's credibility is on the line here if things fail in Afghanistan.

What does this mean for Australia, briefly? Australia, as I said, is joining the Dutch provincial reconstruction team. I think it's a very sensible idea for the Australian Government to have increased the number of troops involved. But this deployment is going to be very dangerous: it is a very dangerous threat environment. The prospect of casualties it seems to me is very real, and I don't think the Australian public have really grasped this unfortunate potential outcome. There is, I think, an outstanding question of how successful reconstruction can be

when you have an active insurgency which is increasing and a security situation, therefore, which is deteriorating.

Lastly, demographics. We have heard on the very interesting issue of demographics from Professor Lee, Dr Gordon and, lastly, from Colin James: in particular, the issue of young populations with high population growth rates. That's the case in a number of states in Asia, as we heard from Professor Lee, the Middle East as we heard from Dr Gordon today, and the South Pacific as we heard from Colin. As I understand it, the Middle East and South Pacific share roughly the same kind of demographic profile. I know the South Pacific slightly better: in the Melanesian states, around 50% of their populations are under 20 years of age. East Timor has one of the highest fertility rates in the world: women on average have eight children.

Young men in these countries have nothing to do, there's a lack of gainful economic activity, as we heard from Colin James, and they're easily led into following certain causes. I think that's what we've seen in part with the recent Solomons riots, and I think that's what we've seen in part with the violence in East Timor. There were different sparks, of course, but both ended up with young men on the rampage causing enormous chaos and setting back the cause of economic progress and state building in those countries to a large degree. We heard from Phillip Gordon about the angry young men in the Arab world, in the Middle East, who feel humiliated and frustrated, have very little in the way of gainful economic activity and therefore are turning in greater number to militant Islam, to Islamic extremism.

So what are the implications for Australia? I had to grapple with this in the Australian aid white paper process which I was involved in last year. We had to think about this issue of young populations, particularly in some of the fragile states of Asia and our immediate region. How do you transform these young people from being forces of instability and into forces for positive change and reform in their countries? That is a very difficult question and it's going to be a continuing challenge for Australia's aid program. Some of the initial solutions that we came up with involved education: for example scholarships for some potential future young leaders so that then they can go back to their country and promote governance reform from within. In addition, Australia can seek to promote economic growth through assistance with economic governance. And that old chestnut which Colin James spoke about, labour mobility, is also something I think we have to consider.

Allan Gyngell

I will end just by making a very quick point about choices which all the other panellists have referred to. About ten years ago a friend of mine was doing a graduate course at Colombia University which was taught by Zbigniew Brzezinski. He was attending a seminar on Poland and at the end of the seminar one of the young students got up and asked one of those immensely complicated questions which students sometimes ask to impress upon their teachers the degree of their knowledge. Brzezinski waited very patiently until the young man had finished speaking and then said, 'My friend, there is one thing you need to know about Poland: on one side of Poland is Russia, on the other side of Poland is Germany. That is the only thing you need to know about Poland'. The problem for Australia is that there is no one thing that you need to know about Australia, and that's good because it means we have strategic choices rather than having them forced upon us, but it's bad, or at least difficult, because it means that there are a lot of things we have to decide. Dr Zakaria raised some of those questions.

We need to make choices regionally and we need to make choices globally and the problem is that those choices don't really form a conceptual unity.

We need to make choices regionally and we need to make choices globally and the problem is that those choices don't really form a conceptual unity. Australia's world, and I end on this point, is, as Owen said, about to get more complex and ambiguous.

Contributors

Dr Chung Min Lee

Dr Chung Min Lee is a Visiting Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore. Currently on leave from the Graduate School of International Studies, Yonsei University, Seoul, Korea, Dr Lee was a Visiting Professor at the National Graduate Institute for Policy Studies, Tokyo, Japan from September 2004 until September 2005.

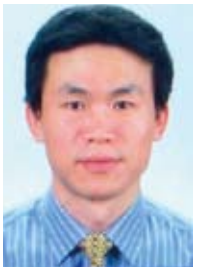
Prior to joining the Lee Kuan Yew School, Dr Chung Min Lee was a Policy Analyst at RAND (1995–1998), a Visiting Fellow at the National Institute for Defence Studies, Tokyo, Japan (1994–1995), a Research Fellow at the Sejong Institute (1989–1994), Research Fellow at the Institute of East and West Studies, Yonsei University (1988–1989), and a Research Fellow at the Institute for Foreign Policy Analysis, Cambridge, Massachusetts (1985–1988). A graduate of the political science department at Yonsei University (B.A., 1982), he received his M.A.L.D. and PhD from the Fletcher School of Law and Diplomacy, Tufts University (1988). He has written widely on East Asian security, US defence policy, WMD proliferation, and crisis management and is working on a book on Asian Nuclear Futures.

Dr Chung Min Lee is currently a member of the Advisory Committee, Ministry of Foreign Affairs and Trade, the National Emergency Planning Commission, and the ROK Air Force. He has also served as an advisor to the ROK National Security Council Secretariat (1999–2001). He is a member of the International Institute for Strategic Studies (London) and the Seoul Forum for International Affairs (SFIA).

Dr Philip Gordon

Dr Philip Gordon is a Senior Fellow for US Foreign Policy at the Brookings Institution. Prior to coming to Brookings in 2000, he was Director for European Affairs on the US National Security Council staff and from 1994–98 he was Senior Fellow for US Strategic Studies and the Editor of Survival at the IISS in London.

Dr Phillip Gordon is a regular commentator in international affairs and US foreign policy for major television and radio networks and a frequent contributor to the op-ed pages of major newspapers such as the *New York Times*, *Washington Post*, *International Herald Tribune*, *Financial Times* and *Le Monde*. His latest books include *Crescent of Crisis: U.S. and European Strategies for the Greater Middle East* (Brookings, 2006); and *Allies at War: America, Europe and the Crisis Over Iraq* (McGraw-Hill, 2004).



Dr Xiao Ren

Dr Xiao Ren is Professor and Associate Dean of the Institute of International Studies, Fudan University, Shanghai, China. Until recently he was Senior Fellow and Director of the Asia Pacific Studies Department, Shanghai Institute for International Studies (SIIS). Before joining SIIS in 2002, he taught at Fudan University Department of International Politics from 1992 to 2002 as lecturer (1992–96), associate professor (1996–2001) and professor (2001–02). He studied in the University of Essex in England (1990–1991) and also held research or teaching positions at the University of Turku, Finland, Nagoya University, Japan, and The George Washington University in Washington, DC, USA. His research concentrates on international relations of the Asia–Pacific, Northeast Asian security, and East Asian economic and security multilateralism. His op-eds appear on newspapers such as *Wenhui Daily*, *Jiefang Daily*, and *Shanghai Evening Post* etc. His recent articles are, among others, 'China in Search of a Responsible Role in the Korean Peninsula,' and 'Adapting or Shaping?: Asian Regional Cooperation and China's Role.' His other publications (available in Chinese) include *New Perspectives on International Relations Theory*, The Changzheng Press, 2001 and *U.S.–China–Japan Triangular Relationship*, The Zhejiang People's Publishing House.

Dr Dino Patti Djalal

Dr Dino Patti Djalal joined Indonesia's Department of Foreign Affairs (DEPLU) in 1987. After graduating from Foreign Affairs Academy, his first assignment was as Assistant to the Director-General for Political Affairs. In 1992, he was sent as third secretary for political affairs at the Indonesian Embassy in London. In 1997, he returned to Jakarta to serve as DEPLU's Head of Decolonisation section, which dealt with finding a peaceful settlement to the East Timor issue. He was then sent to East Timor in 1999 to become spokesperson for the Task Force for the Implementation of the Popular Consultation in East Timor (Satgas P3TT) and to help facilitate the work of UNAMET in organising the referendum, which tragically ended in violence. In early 2000, he took a 4-month leave from Government work to obtain his Doctorate Degree in International

Relations from the London School of Economics and Political Science. Under the supervision of the late Prof. Michael Leifer, Dino Patti Djalal, in the summer of 2000, successfully defended a PhD thesis on preventive diplomacy.

In late 2000, Dr Dino Patti Djalal was sent to the Indonesian Embassy in Washington DC to head the Political Department with the rank of Counsellor and then promoted to Minister Counsellor. Between 2000 and 2002, he also graduated top of the class from middle-level and senior level Diplomatic Courses (SESPARLU and SESDILU). In 2002, he returned to Jakarta to serve as Director for North and Central America at the Department of Foreign Affairs.

In October 2004, he became the foreign affairs spokesperson for Indonesia's new-elected (sixth) President, Susilo Bambang Yudhoyono, a job which later expanded into Special Staff of President for International Affairs.

Dr Dino Patti Djalal has written several books and articles. He wrote *The Geopolitics of Indonesia's Maritime Territorial Policy* (Jakarta : CSIS, 1996), *Penyelesaian Konflik Timor Timur : Posisi, Opsi, Aspirasi* (Jakarta : ICWA : 1999). He also recently edited *Transforming Indonesia* (Jakarta : Gramedia, 2005), a book containing a collection of President Yudhoyono's international speeches. William Safire has called Dr Dino Patti Djalal 'Indonesia's leading speechwriter'.

Mr Allan Gyngell

Allan Gyngell, the Executive Director of the Lowy Institute for International Policy, has a wide background in international policymaking in Australia. He joined the then Department of External Affairs in 1969 and had postings to Rangoon, Singapore and Washington. He then spent a number of years working for the Office of National Assessments, Australia's national intelligence analysis organisation. He also headed the International Division of the Department of the Prime Minister and Cabinet, from where he was appointed in 1993 as foreign policy adviser to then Australian Prime Minister, Paul Keating.

He has worked as a consultant to a number of Australian companies. His book *Making Australian Foreign Policy*, co-written with Michael Wesley, was published by Cambridge University Press in July 2003. He is a member of the Australian Government's Foreign Affairs Council.

He was educated in history and political science at Melbourne University.

His research interests are Australian foreign policy, intelligence policy, diplomacy and policymaking.

Mr Colin James

Colin James is a New Zealand political journalist of more than 30 years who writes a weekly column in the *New Zealand Herald* and a monthly column in *Management* magazine. He is also an occasional commentator on radio and television. He is the New Zealand correspondent of Oxford Analytica. Most of his recent writing and speeches can be found on www.ColinJames.co.nz.

He has a special interest in party and electoral politics. He has correctly forecast which party would be or lead the government in 12 of the past 13 elections. He has written six books, including *New Territory* in 1992 and three on elections, a guide for journalists covering elections and chapters in numerous books.

He also analyses and forecasts the policy environment in which businesses and other organisations must operate and runs a forecasting service, the Hugo Group (www.TheHugoGroup.com), which has around 90 medium and large corporate members at CEO level.

He is an associate of the Institute of Policy Studies, Victoria University of Wellington. His most recent booklet (June 2002) for the institute dealt with the relationship between ministers and departmental CEOs. In April 2000 he organised a national conference on the constitution and edited a book of the papers given at that conference. He has recently completed a series on sustainable energy, which will result in a book later in 2006.

Colin James also has a special interest in the Australia–New Zealand relationship since writing a monograph in 1982 in the lead-up to the signing of the CER treaty in 1983. He has contributed a chapter on Australia–New Zealand for a book on New Zealand's international relationships 1990–2005 to be published by the New Zealand Institute of International Affairs and in February contributed a paper on the future course of the relationship at an institute conference.

He has contributed papers to seminars in New Zealand, Australia, Japan, the United Kingdom and the United States. He has held several university fellowships, including JD Stout Research Fellow at Victoria University in 1991 and inaugural New Zealand Fellow at the Centre for Comparative Constitutional Studies at Melbourne University in 1993.

Professor Dato' Dr Zakaria Ahmad

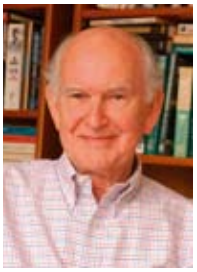
Professor Dato' Dr Zakaria Ahmad is Executive Director at the HELP University College Kuala Lumpur. He is also concurrently Adjunct Professor of Strategic Studies at the Malaysian Armed Forces Defence College and Adjunct Professor in Southeast Asian Studies at Ohio University. He previously served at the University Kebangsaan Malaysia (UKM) where he pioneered the Strategic and Security Studies Programme and served as Dean of Social Sciences and Humanities from 1999 to 2000.

From 2000 to 2003 he was the Tun Abdul Razak Distinguished Chair in Southeast Asian Studies at Ohio University, USA.

Professor Zakaria received his B.Soc. Sci. from the University of Singapore (1970), his MA from McMaster University (1971, Canada) and his PhD in Political Science from MIT (1977). He has also taught at the University of Science Malaysia, University of Malaysia and the National University of Singapore.

Professor Zakaria has been published extensively in public and international affairs of Malaysia, ASEAN and Pacific Asia. His latest publication is *Government and Politics of Malaysia* as part of the *Encyclopedia of Malaysia* series.

He is also President of the Malaysian Gymnastics Federation (1989–present), Vice-President of the Olympic Council of Malaysia (2005–2007), and a member of the Council of the International Gymnastics Federation (FIG) (2000–2004, 2004–2008).



Mr Owen Harries

Owen Harries is a senior fellow at the Centre for Independent Studies and Visiting Fellow at the Lowy Institute for International Policy. He is a member of the editorial board of *The American Interest* (Washington DC).

He was born in Wales in 1930 and educated at the Universities of Wales and Oxford. He taught at the Universities of Sydney and New South Wales. In the late 1970s he was head of policy planning in the Australian Dept. of Foreign Affairs, and senior adviser, successively, to the Minister for Foreign Affairs and the Prime Minister.

During 1982–83 he was Australian Ambassador to UNESCO. He was editor in chief of *The National Interest* from its founding in 1985 until 2001. He was editor and principal author of *Australia and the Third World* (1979) and editor of *Americas Purpose: New Visions of US Foreign Policy* (1991). He has published over 150 articles in leading journals and magazines, including *Foreign Affairs*, *Commentary* and *New Republic*.

Professor Ross Garnaut AO

Ross Garnaut is currently Professor of Economics, Research School of Pacific and Asian Studies, The Australian National University (from 1989—part-time since 2001.

Ross is a member of the Boards of several international research institutions, including the Lowy Institute for International Policy (Sydney), AsiaLink (Melbourne), the Centre for Strategic and International Studies (Jakarta) and the China Centre for Economic Research at Peking University (Beijing).

His previous appointments include Australian Ambassador to China (1985–88); Chairman, Primary Industry Bank of Australia Ltd (PIBA) (1989–94); Chairman, Bank of Western Australia Ltd (BankWest) (1988–95).

Professor Garnaut is the author of the Report presented to the Australian Prime Minister and Minister for Foreign Affairs and Trade in October 1989, Australia and the Northeast Asian Ascendancy. He is also author of numerous books, monographs and articles in scholarly journals on international economics, public finance and economic development, particularly in relation to East Asia and the Southwest Pacific.

Dr Elsina Wainwright

Dr Wainwright is now a Visiting Fellow at ASPI. She was ASPI's Strategy and International Program Director. Prior to joining ASPI, Ellie Wainwright was an Associate with the management consulting firm McKinsey & Company. She also worked as a consultant political analyst for the International Crisis Group in Bosnia. She is a Queensland Rhodes Scholar, completing both her Masters and Doctorate in International Relations at Oxford University. While at Oxford, she was a Stipendiary Lecturer in Politics at Oriel College and a tutor in Politics at Christ Church.

Ellie has authored a number of ASPI Strategy reports including *New Neighbour, New Challenge: Australia and the Security of East Timor*; *Strengthening Our Neighbour: Australia and the future of Papua New Guinea*; *Our Failing Neighbour—Australia and the future of Solomon Islands*; *Building the peace—Australia and the future of Iraq*; and the following ASPI Strategic Insights *Precarious State: Afghanistan and the international and Australian response*; *How is RAMSI faring? Progress, challenges, and lessons learned*. She has also written a number of articles including 'Solomon Islands, Papua New Guinea and Australia's Policy Shift', *The Sydney Papers*, Vol. 15, No. 2, Autumn 2004 and 'Responding to state failure—the case of Australia and Solomon Islands', *Australian Journal of International Affairs*, Vol. 57, No. 3, November 2003.

About ASPI

The Australian Strategic Policy Institute (ASPI) is an independent, non-partisan policy institute. It has been set up by the government to provide fresh ideas on Australia's defence and strategic policy choices. ASPI is charged with the task of informing the public on strategic and defence issues, generating new ideas for government, and fostering strategic expertise in Australia. It aims to help Australians understand the critical strategic choices which our country will face over the coming years, and will help government make better-informed decisions.

For more information, visit ASPI's web site at www.aspi.org.au.

ASPI's Research Program

Each year ASPI will publish a number of policy reports on key issues facing Australian strategic and defence decision makers. These reports will draw on work by external contributors.

Strategy: ASPI will publish up to 10 longer studies on issues of critical importance to Australia and our region.

Strategic Insights: A series of shorter studies on topical subjects that arise in public debate.

Specialist Publications: ASPI also produces valuable reference tools, such as The Cost of Defence and the Australian Defence Almanac.

Commissioned Work: ASPI will undertake commissioned research for clients including the Australian Government, state governments, foreign governments and industry.

ASPI's Programs

There are four ASPI programs. They will produce publications and hold events including lectures, conferences and seminars around Australia, as well as dialogues on strategic issues with key regional countries. The programs are as follows.

Strategy and International Program: This program covers ASPI's work on Australia's international security environment, the development of our higher strategic policy, our approach to new security challenges, and the management of our international defence relationships.

Operations and Capability Program: This program covers ASPI's work on the operational needs of the Australian Defence Force, the development of our defence capabilities, and the impact of new technology on our armed forces.

Budget and Management Program: This program covers the full range of questions concerning the delivery of capability, from financial issues and personnel management to acquisition and contracting out—issues that are central to the government's policy responsibilities.

Outreach Program: One of the most important roles for ASPI is to involve the broader community in the debate of defence and security issues. The thrust of the activities will be to provide access to the issues and facts through a range of activities and publications.

ASPI Council Members

ASPI is governed by a Council of 12 members representing experience, expertise and excellence across a range of professions including business, academia, and the Defence Force. The Council includes nominees of the Prime Minister and the Leader of the Opposition.

Chairman
Mr Mark Johnson

Deputy Chairman
Major General Adrian Clunies-Ross (Retired) AO, MBE

Members
The Honourable Jim Carlton AO
Dr Alan Dupont
Mr Michael L'Estrange
Mr Stephen Loosley
Mr Paul McClintock
Mr Des Moore
The Honourable Jocelyn Newman AO
Mr Ric Smith AO PSM
Brigadier Jim Wallace (Retired) AM
Dr J Roland Williams CBE

Director
Peter Abigail

Director of Research Programs
Dr Anthony Bergin

Budget and Management Program Director
Dr Mark Thomson

Strategy and International Program Director
Dr Rod Lyon

Operations and Capability Program Director
Dr Andrew Davies

Visiting Fellow
Dr Elsina Wainwright

Business Manager and Company Secretary
Robyn Ross

Research and Information Manager
Janice Johnson

Senior Research Officer
Raspal Khosa

Manager of Events and International Relationships
Lynne Grimsey

Events Coordinator
Tas Frilingos

Information and Publications Officer
Paula Tychsen

Office Manager
Noeline Healey

Office Administrator (Part-time)
Rachel Wells

BECOME A MEMBER

JOIN NOW TO RECEIVE UP TO 10 ISSUES OF STRATEGY AND 10 STRATEGIC INSIGHTS

Join Australia's liveliest minds writing today on defence and strategic issues. The Australian Strategic Policy Institute (ASPI) will produce up to ten issues of ***Strategy*** and ten shorter ***Strategic Insights*** on issues of critical importance to Australia and the Asia–Pacific each year.

ASPI's work is at the cutting edge of new thinking on defence and security. Our commentary is widely seen as authoritative and insightful by opinion leaders in Australia and the wider world.

> ***'During its short life, ASPI has filled an important niche in strategic policy debate in Australia. It has produced high quality papers on contemporary issues and thus stimulated debate, it has analysed and critically commented upon the position of Government, and through the media it has engaged the public...'***
>
> (Senator The Hon Robert Hill, Minister for Defence. Opening Keynote Address, ASPI International Conference, 14 September 2005)

Thoughtful, ground-breaking and often controversial, ASPI leads the public debate on defence and security issues. Become a valued part of the ASPI team today! By joining ASPI you will not only have access to publications, but also receive advance notice of key ASPI seminars and briefings.

Join now and we will post your choice of 3 free publications from our recent publications list.

Future subjects include:

- **New Zealand's defence strategy and capabilities**
- **Indonesia and Australia**
- **India's strategic prospects**
- **Reserves as capability**

TELL A FRIEND ABOUT ASPI

Join Australia's liveliest minds writing today on defence and strategic issues. Each year the Australian Strategic Policy Institute (ASPI) will produce up to ten issues of ***Strategy*** and ten shorter ***Strategic Insights*** on issues of critical importance to Australia and the Asia–Pacific.

Thoughtful, ground-breaking and often controversial, ASPI leads the public debate on defence and security issues.

JOIN ASPI

Name

Position

Company/Organisation

❑ Government **❑ Non-Government**

Address

City **State** **Postcode**

Country

Telephone

Email

SELECT 3 FREE PUBLICATIONS

- ❑ Your Defence Dollar: the 2005–2006 Defence Budget
- ❑ A Trillion Dollars and Counting: Paying for defence to 2050
- ❑ A Big Deal: Australia's future air combat capability
- ❑ Alliance Unleashed: Australia and the US in a new strategic age
- ❑ Future Unknown: The terrorist threat to Australian maritime security
- ❑ Strengthening our Neighbour: Australia and the Future of PNG
- ❑ Our Failing Neighbour: Australia and the Future of Solomon Islands
- ❑ Living with Giants: Finding Australia's place in a more complex world

INDIVIDUAL	❑ 1 year *$199*	❑ 2 years *$378*	❑ 3 years *$537*
STUDENT*	❑ 1 year *$99*	❑ 2 years *$188*	❑ 3 years *$263*
CORPORATE (Oct 06+)	❑ 1 year *$649*	❑ 2 years *$1233*	❑ 3 years *$1752*

* (STUDENT ID _____)

To join

1) Subscribe online www.aspi.org.au
2) Mail to Level 2, Arts House, 40 Macquarie St, Barton ACT 2600, or
3) Phone (02) 6270 5100 or fax (02) 6273 9566

❑ Cheque **❑ Money Order** **❑ Visa** **❑ MasterCard** **❑ AMEX** **❑ Diners**

Payable to Australian Strategic Policy Institute ABN 77 097 369 045

Name on card

Card no.

Expiry Date **/** **Total Amount $**

Signature

This will be a **TAX INVOICE** for GST purposes when fully completed and payment is made.
Please note specialist publications are not included.

Z00 27498B

ASPI would like to acknowledge our conference sponsors.

Australian Government
Department of Defence

THALES

KBR

noetic

LOCKHEED MARTIN

Global Forces 2006

Proceedings of the ASPI conference

Some of the world's sharpest strategic thinkers debate the key issues shaping global and Asia–Pacific security.

Professor Paul Cornish, Carrington Chair of International Security and Head of the International Security Programme, Chatham House, London

Dr Samina Yasmeen, Director, Centre for Muslim States and Societies, University of Western Australia, Perth

Dr Ligia Noronha, Director, Resources and Global Security Division, The Energy and Resources Institute, New Delhi

Dr Julian Lindley-French, Senior Associate Fellow, Defence Academy of the United Kingdom and Senior Scholar, Centre for Applied Policy, University of Munich

Dr Ashley J Tellis, Senior Associate, Carnegie Endowment for International Peace, Washington DC

Dr Gérard Chaliand, former Director of the European Center for the Studies of Conflicts (Foundation for Strategic Research), Paris

Mr David Murray, Chairman of the Future Fund Board of Guardians

Professor Chung Min Lee, Visiting Professor, Lee Kuan Yew School of Public Policy, Singapore

Dr Phillip H Gordon, Senior Fellow for US Foreign Policy, The Brookings Institution, Washington DC

Professor Xiao Ren, Professor and Associate Dean of the Institute of International Studies, Fudan University, Shanghai, China

Dr Dino Patti Djalal, Special Staff of the President for International Affairs and Presidential Spokesperson, Indonesia

Mr Allan Gyngell, Executive Director, Lowy Institute for International Policy, Sydney

Mr Colin James, political journalist and analyst, New Zealand

Professor Dato' Dr Zakaria Ahmad, Executive Director, HELP University College, Kuala Lumpur

Mr Owen Harries, Senior Fellow in Centre for Independent Studies and Visiting Fellow at the Lowy Institute for International Policy

Professor Ross Garnaut, Professor of Economics, Research School of Pacific and Asian Studies, Australian National University

Dr Elsina Wainwright, ASPI's Strategy and International Program Director

RRP $20.00

Z00 27498B