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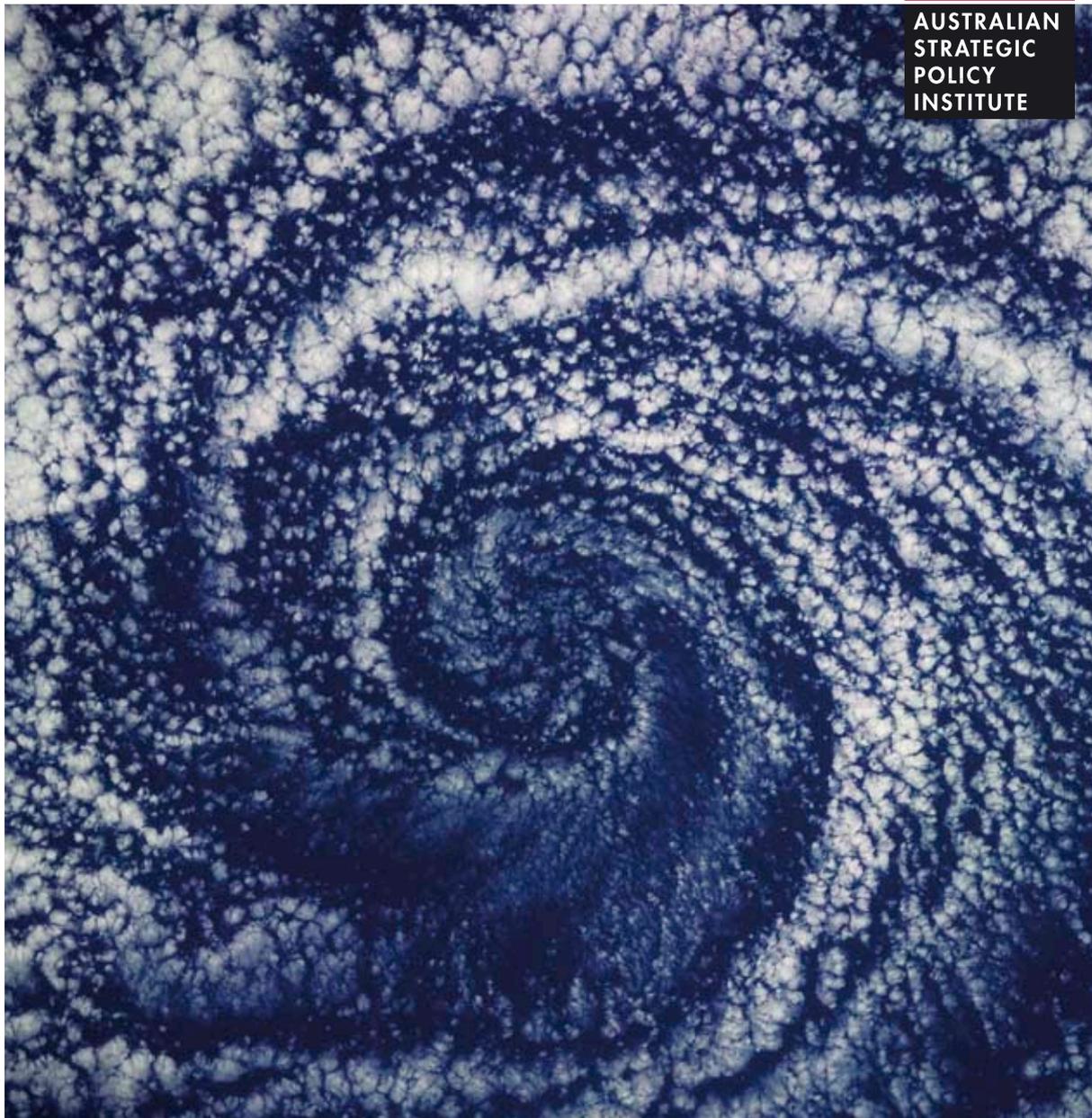
Global Forces 2007

Proceedings of the ASPI conference.

Day 1

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AUSTRALIAN
STRATEGIC
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November 2007

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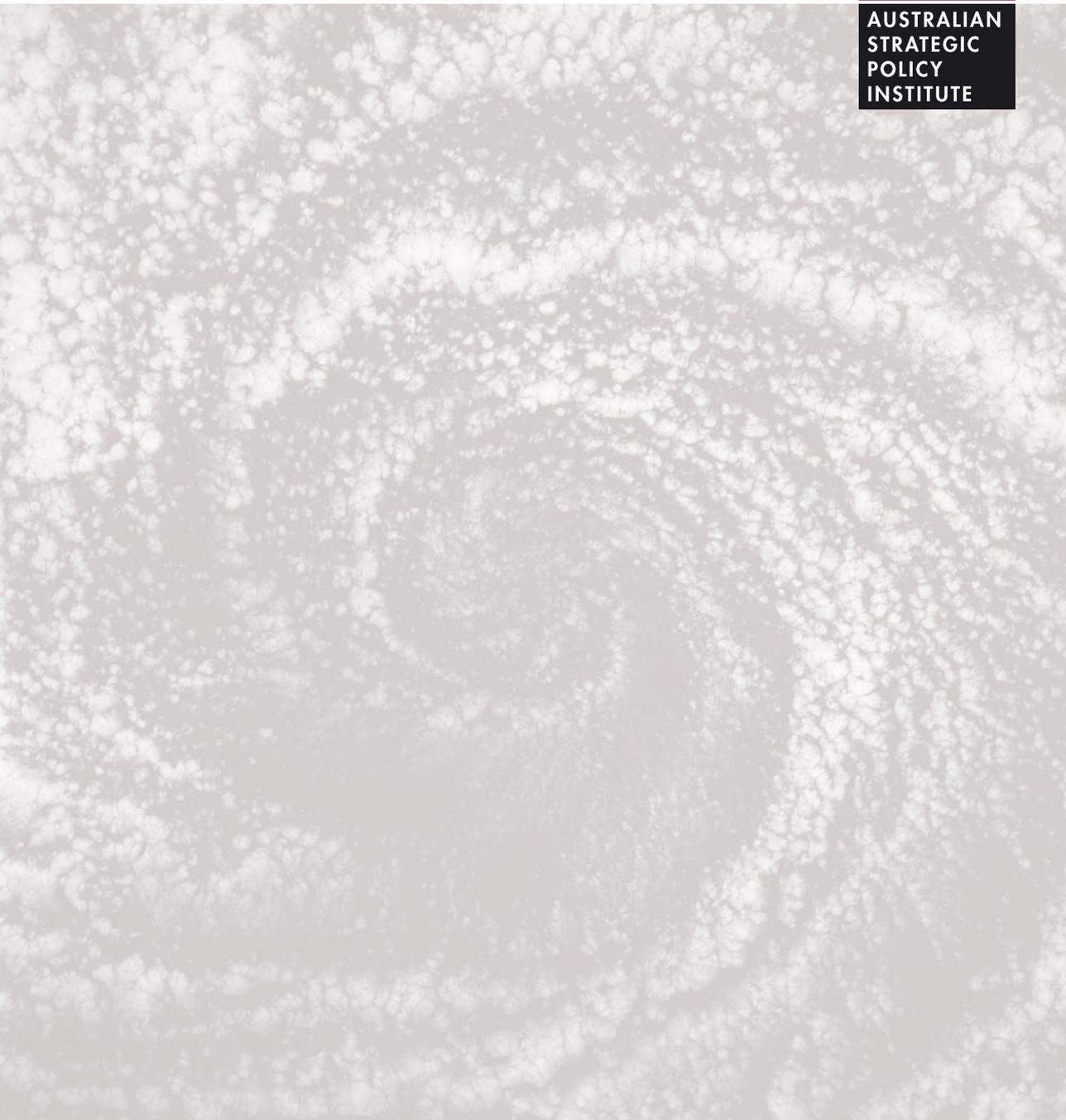
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Executive Director's introduction

The third annual ASPI *Global Forces* International Conference was held in Canberra on 5–6 July 2007. 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 some of the bigger strategic issues we see shaping Australia's future and, principally, the emergence of trends such as: challenges to the order and international norms that have underpinned behaviours over the past fifty years; global phenomena such as the rise of fundamentalist movements and potential security impacts of climate change; shifting power dynamics, globally, regionally and particularly in East Asia; questions surrounding social, economic and environmental sustainability, particularly in Australia, in our near neighbourhood, and in the South West Pacific; and finally, the responses to these trends within the prevailing world order. Our interest was in understanding more the implications of these forces for Australia's relevance and role in global and regional security affairs and the strategic choices we might face.

Three broad themes emerged from our discussions. First: whilst we are living in a period of transitions in power relativities with the emergence of China and India, the 'normalisation' of Japan, and a possibly resurgent Russia, the United States is expected to remain the leading power for the foreseeable future, rejecting isolationism and remaining intimately engaged in the evolving world order. Second: a recognition and desire for lesser powers, particularly in this region, to ease and help those power transitions unfold, operating beneficially to manage friction points. Third: acknowledgement that the measures necessary to meet contemporary security challenges—embracing the full range of issues raised in the conference agenda—remain unresolved; a work-in-progress warranting attention from both policy makers and research institutes.

These two volumes provide a valuable record of the conference presentations addressing these issues 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 his vision of Australia's strategic future in his Keynote Address. The papers presented here include prepared texts provided by some speakers and edited transcripts of other presentations. Transcripts of the open forum discussions will be posted on the ASPI website.

ASPI is grateful for the important support we received from our conference sponsors. I am delighted to thank SMS Management & Technology, our prime sponsor and one of our corporate partners for 2007; Lockheed Martin Australia, our dinner sponsor; Kellogg Brown & Root, General Dynamics, and Yalumba Wines for their assistance and continuing support for ASPI activities.

Peter Abigail

Executive Director

Opening keynote address

AUSTRALIA'S STRATEGIC FUTURE

The Honourable John Howard MP, Prime Minister of Australia

I thank ASPI for the opportunity of presenting an overview of the government's take on our strategic outlook and also congratulate the organisation on the contribution it has made to a better informed debate on strategic policy since its formation six years ago. My main message today at the outset is a simple one, although the challenges I talk about are anything but. Well, that message is that we do face a complex and challenging strategic environment but one that we believe we can face with confidence as the result of the government's national security policies.

The recent Budget provided \$22 billion for defence—an increase of 10.6% on the previous year and a 47% increase in real terms over the levels of more than ten years ago.

The recent Budget provided \$22 billion for defence—an increase of 10.6% on the previous year and a 47% increase in real terms over the levels of more than ten years ago. As a result we will have a larger, better-protected, more mobile and harder-hitting army which can be deployed more readily. A navy capable of establishing sea control in key areas and operating confidently within our region and an air combat capability, second to none, in our region.

The task is, however, a continuing one. We have committed to a 3% real increase in annual defence spending out to the year 2016. These are very large sums of money and represent serious, long-term decisions

about capability. But based on the latest strategic assessment of our intelligence agencies and the advice of our military experts, they are necessary.

I recently remarked to the Defence leadership group that the ADF's current operational tempo is greater than at any time since the Vietnam war, but also that the complexity and global character of the security challenges we face, make them even more serious. No-one would claim to know precisely what our strategic future holds. But based on what we know now and on the analytical work of our intelligence community we can perhaps sketch some of its outlines.

Nation states will be challenged by terrorist organisations and other non-state entities. Most conflicts now involve non-state groups, which are becoming more and more adept at using 'asymmetric' methods of attack—exploiting the openness of our societies, our technologies and our values to attack us where we are most vulnerable. There will be no holiday from the long struggle against terrorism, a different type of war against a different type of enemy. There is nothing in the assessments I have seen or in the declared strategic intent of the terrorists to encourage the belief that this is not a major political and military struggle that will go on for many years. Islamist terrorism will remain a threat to Australia, to Australian interests, and to our allies, globally, and in Southeast Asia.

The recent thwarted attacks in London and the attack in Glasgow—with a possible connection to Australia—show that societies like ours also face this danger at home. While terrorism represents an attack on our values and our way of life, others are not immune. Bombings throughout the Islamic world—whether in Indonesia, Afghanistan, Iraq or this week's deadly bombing in Yemen—remind us that all communities that stand for moderation and tolerance are at risk. It is equally clear that appeasing terrorists—and allowing them to dictate the policy choices our nations make—does not offer protection. These realities underline the importance of countries that represent these values standing together. Australia and other Western nations need to support not only each other but moderate Islamic governments, leaders and communities throughout the world. Leaders such as Indonesia's President Yudhoyono are key to ultimately denying the terrorists their strategic objectives.

While terrorist networks will remain a major threat, nation states will remain the most important international actors; and the global balance of power will remain the most important determinant of Australia's security.

While terrorist networks will remain a major threat, nation states will remain the most important international actors; and the global balance of power will remain the most important determinant of Australia's security. Power relativities, as always, will go on changing with the continuing emergence of China and India as major powers reshaping our regional landscape, and tilting the global centre of gravity away from the Atlantic towards Asia. China's rise is good for China and good for the world. However, US–China relations, China–Japan tensions and longstanding flashpoints in Taiwan and the Korean peninsula

will require continuing careful management. Australia has an enormous stake in the maintenance of stability in Northeast Asia.

But we are unlikely to see the emergence of a serious rival to liberal, market-based democracy as an organising principle. Nor will the United States lose its predominant position globally or in our region. There is no doubt that the United States is under strain, at home and abroad, as a result of its current commitments in Iraq and Afghanistan. But both history and demography suggest it would be a major mistake to underestimate America's resilience, regenerative capacity and moral authority.

Over the period in question and possibly well beyond, the United States will maintain its clear conventional military advantage over all potential adversaries. US interests as well as values and strategic culture will ensure that the United States continues to take an active global leadership role. It is unlikely to wind back the vital stabilising role it plays in East Asia. Australia's security will continue to be shaped by global trends, as it always has been. Australians have always understood intuitively that our security can be deeply affected by distant events.

As a result of globalisation, however, the range and number of events affecting Australia's strategic circumstances and potentially requiring military responses will continue to grow; the lead-times available to us in which to respond will continue to shrink. Globalisation will continue to facilitate not only terrorism and other forms of transnational crime, but the proliferation of the technology and materials necessary to acquire weapons of mass destruction. It could also spur a resurgence of protectionism and increasing rivalry over globally traded resources, particularly oil. Combined with globalisation, profound technological and demographic changes will magnify the strategic impact of some future events, including distant ones. It will remain the case that, because of our size and location, Australia cannot afford to wait until security threats reach our shores before we do anything about them.

Many of the key strategic trends I have mentioned—including terrorism and extremism, challenging demographics, WMD aspirations, energy demand and great-power competition—converge in the Middle East.

Events in the Middle East have long been important to Australia's security and broader interests, and this will remain the case. Many of the key strategic trends I have mentioned—including terrorism and extremism, challenging demographics, WMD aspirations, energy demand and great-power competition—converge in the Middle East. Our major ally and our most important economic partners have crucial interests there. The region will see further turbulence, and Iran's nuclear and wider regional ambitions remain a point of particular concern. In these circumstances it is all the more critical that the coalition succeed in establishing a stable, democratic Iraq that is capable of defending itself against al-Qaeda and the internal enemies that wish to tear it apart, and against potential external adversaries.

There will be further adjustments to coalition strategy and force profiles as progress is made and the enemy adapts. The US 'surge' in and around Baghdad has only recently reached full strength; General Petraeus will make an interim report on progress to the Congress in September. But despite the dreadful continuing violence and our frustration and that of our coalition partners at the rate of political progress, the government remains committed to staying in Iraq with coalition partners until the Iraqi security forces no longer require our support. We all tend to be sickened and perhaps over time numbed by the horrific TV images of the latest car bombing. But the consequences of Western failure and defeat in Iraq are too serious to allow our policy to be dictated by weariness, frustration or political convenience.

Steadfast support for an ally under pressure is not blind loyalty. Rather it shows that genuine friendship is for the difficult times, as well as the good. Moreover, Australia's national interest will demonstrably not be served by an American disengagement from Iraq in circumstances of perceived defeat. Similarly in Afghanistan we must be prepared for the reality of a long-term commitment. As in Iraq, the choice is simple—between supporting those forces that represent modernity, tolerance and hope, or abandoning them to the dark, calculating nihilism of the extremists. Because of the openness of our society, our opponents understand us much better than we understand them. They know that we sanctify human life, and in particular the life of innocents. They know we accept and value dissent. And they know we have elections. They exploit their base insights—on the battlefields of Baghdad and Uruzgan province and in the battlefield of international opinion. Whether in Afghanistan or Iraq, it would not only run counter to our national interests but also to our national character to let them prevail.

Australian agencies have very good counter-terrorism links with their counterparts in Indonesia and other regional countries, and we will continue to build on this cooperation.

Closer to home, terrorism remains a threat, but one against which good progress is being made—as demonstrated by recent arrests in Indonesia of senior JI figures. Australian agencies have very good counter-terrorism links with their counterparts in Indonesia and other regional countries, and we will continue to build on this cooperation. We will also continue to work with our partners to strengthen governance in our immediate region. Many states in our region are vulnerable because for a combination of social, political and economic reasons they cannot provide adequate services and opportunities for their peoples. Weak institutions, corruption and transnational crime can, if left unchecked, lead to state failure.

Instability in the South Pacific is harmful to the societies affected. It also undermines our interests. It reduces our ability to protect the approaches to Australia; it undermines our development assistance efforts; and it feeds people smuggling, illegal immigration, drug trafficking and money laundering that can jeopardise all Australians. In addition to our national interests, our relative size and prosperity give us a moral responsibility to help our neighbours. And our international allies and partners rightly expect it of us. For all these reasons my government decided in early 2003 on a major shift to a more active, robust and

where necessary interventionist policy approach in our region. In doing so we consciously put aside the rather disinterested—and failed—policy of earlier years.

We had helped to bring peace on Bougainville; Australian troops remain in East Timor to provide stability as that country continues the transition to sustainable independence and democracy; the Regional Assistance Mission to Solomon Islands (RAMSI) is producing results welcomed by the local community, including assistance following the recent earthquake and tsunami; we dispatched personnel to restore order after violence broke out in Tonga; and in Papua New Guinea the Enhanced Cooperation Programme continues. Together these commitments represent a very serious investment. The work is often difficult and dangerous; it requires skill, perseverance and tact—and close cooperation between a range of government agencies and with our regional partners.

The current picture of our overseas deployments and commitments tells us something about what we can reasonably anticipate over the next two decades.

We recognise that long-term stability in our immediate region will ultimately depend on the establishment of effective governance frameworks. But we also recognise that many countries will not get there on their own, and that this must be a very long-term commitment on Australia's part. Let me emphasise that unless governance is strengthened, corruption reduced and basic security provided, increased economic aid risks being a wasted investment—and indeed feeding the underlying problem. The current picture of our overseas deployments and commitments tells us something about what we can reasonably anticipate over the next two decades. Our intelligence community assesses that Australia is most likely to be called on to take the lead in a range of possible missions in our immediate region. These include humanitarian relief and stabilisation tasks, and potentially evacuations and support for counter-terrorist operations. Reflecting the complexity of such challenges, these activities will require a combination of advanced military capability and 'soft power'. They will therefore involve the ADF, but increasingly also other agencies such as the AFP, DFAT, AusAID and the Treasury.

Operations in East Timor, Bougainville and the Solomon Islands have seen these agencies work together in unprecedented and unanticipated ways. Defence has had to adapt to working closely alongside civilian agencies, which for their part have had to develop the training and systems to support previously uncustomary overseas operations, often for protracted periods. We will see more of this over the coming decades. There will probably be times in the decades ahead—as now—when the ADF will face concurrent contingencies far apart geographically and very different in nature. And the experience of the last 10 years and the considered view of our experts both underline one key reality: strategic surprises are certain.

Whether wars, pandemics or natural disasters, we can be certain there will be events that cause major dislocation. We have to be ready for them. This requires two key things—a flexible, responsive, highly capable and more expeditionary Australian Defence Force; and a set of robust international security partnerships. The sort of ADF we will need over the

next 20 years and beyond is very different from the one the government inherited when it came to office in 1996. The facts speak for themselves. When the Leader of the Opposition gave his Budget reply speech, he didn't mention defence once. But this shouldn't come as a surprise. Labor has a long record of neglect on defence. According to ASPI's Australian Defence Almanac, over Labor's last 11 Budgets defence outlays decreased by 2% in real terms, measured in 2004–05 dollars.

In 1991 the Labor government decided to cut two battalions from the Army. The Australian Defence Association said at the time that as a result Australia would be seen by foreign neighbours as weak and irrelevant. The costs could have been even more serious, however. In 1999 the current government decided it had no option but to lead a military coalition to intervene to stop the violence in East Timor. The ADF responded magnificently. But the operation exposed significant deficiencies—particularly in strategic lift capability, logistics, mobility and the ability to sustain a sizeable ground force even close to Australia.

The government took these lessons seriously to heart. We had already resolved that Defence should be quarantined from the substantial Budget cuts we had to make in 1996. We have increased defence outlays by 48% in real terms. We have restored one infantry battalion and will have added a further two battalions by 2010, bringing the total to eight. And we have abandoned the narrow, misguided and ultimately self-defeating nostrum that our force structure should be determined only or even mostly for the defence of Australia narrowly defined—our coastline and its near approaches.

Instead we are building the balanced, versatile ADF that we will need to confront the challenges that we can foresee now but also the unexpected. The ADF will need the flexibility to adapt not only to a growing range of non-military tasks and increasingly sophisticated and lethal asymmetric attacks but also changes on the conventional battlefield. It needs to be able to defend our mainland and approaches in the unlikely event that these ever come under direct military threat. But it must also be capable of conducting substantial operations in our immediate region—whether alone or as the leader of a coalition—and of making meaningful military contributions as a member of coalitions further abroad.

The current Defence Capability Plan outlines \$51 billion of new acquisitions over the next 10 years to ensure we continue building this force.

Our technology edge—particularly in precision strike, stealth, speed and information networks—will be critical. The current Defence Capability Plan outlines \$51 billion of new acquisitions over the next 10 years to ensure we continue building this force. We will have a larger, stronger Army, with better equipment, mobility, combat weight and networked capabilities, including new M1 Abrams tanks, Tiger armed reconnaissance helicopters and MRH90 troop helicopters.

Our Navy, built around two new amphibious ships and three air warfare destroyers, our upgraded Anzac frigates and the now world-class Collins-class submarines will be capable of operating throughout our region and beyond—and of deploying and supporting ground

forces offshore. We will maintain regional air superiority with an air force based around the new generation Joint Strike Fighter, airborne early warning aircraft and new air-to-air refuelling aircraft. Our acquisition of 24 Super Hornets will ensure there is no capability gap during the transition to the JSF. The acquisition of C-17 heavy lift aircraft and our planned investment in unmanned aerial vehicles will give the RAAF unprecedented capabilities, reach and operational flexibility. Overall our military will be more deployable, more versatile, more networked and more highly skilled.

Attracting sufficient skilled personnel will remain a major challenge for Defence—particularly in an era of high employment and when our military will increasingly need not only more specialised personnel, but also individuals with impressive skills across the board. No one country can prevail on its own in the face of the complex challenges of the 21st Century. Strong bilateral strategic relationships can be a force for stability in a fluid environment—and a potent force multiplier for our own efforts. As the world becomes more interconnected, security becomes more and more indivisible. Our security rests on the security of our partners, and vice versa.

Our alliance with the United States has never been stronger, broader or deeper. It will remain our most important strategic relationship for the indefinite future. The benefits to Australia, both tangible and intangible, are extensive—whether in terms of strategic reassurance, intelligence, defence technology or training. Moreover, Australia pulls its weight in the alliance. Our forces are highly capable and operate seamlessly with their US counterparts. We bring a different regional perspective and our own insights to the table.

Our relationship with China has flourished at the same time as we have strengthened the US alliance.

Many of our critics said a closer relationship with the United States would come at a cost to our relationships in Asia. Nothing could be further from the case. Relationships are not a zero sum game. Our relationship with China has flourished at the same time as we have strengthened the US alliance. We have also strengthened our relationships with Indonesia, Japan, India, Singapore, the Philippines and Malaysia—to name but a few.

Contrary to what some might claim, this is not just a fortunate coincidence. The strength of our alliance adds value, that is our alliance with the United States, to our dealings in the region and represents an asset rather than a liability. The alliance is complemented by a growing web of other ties. In 2006 the government signed the Lombok Treaty with Indonesia, the world's largest Islamic nation, our nearest neighbour and third-largest democracy—a key country in our region and in the broader global fight against extremism.

In March, The Japanese Prime Minister and I signed an historic Joint Declaration on Security Cooperation. Our Trilateral Security Dialogue with Japan and the United States is developing into new areas of cooperation, to the benefit of the region as a whole. At the same time we are pursuing a Free Trade Agreement with China and working together in a number of areas to promote regional prosperity and stability. Defence links with India are growing and will become closer, reflecting India's growing strategic weight and engagement with East Asia. In May during President Arroyo's visit Australia and the Philippines signed a Status of Visiting

Forces Agreement that will facilitate joint training and exercising. We also value our very close defence relationships of a long standing character with both Singapore and Malaysia. Our intelligence community assesses that there is currently no foreseeable conventional military threat to Australian territory, and we are likely to maintain a capability edge in our own immediate region.

Tensions between the major powers of our region are likely to be managed short of military conflict, and we can expect a fair measure of cooperation among major and smaller powers. The emergence of a global middle class, increasingly in Asia, could strengthen forces of cooperation and convergence. US paramountcy and engagement, in Asia and globally, will remain a major force for stability. US relationships with Japan, India, China and the countries of Southeast Asia are in good order. That is good for Australia and good for our region.

These factors, along with the decisions the government has made over the last decade on defence and the strength of our own regional relationships, gives me every expectation that Australians can face our strategic future with great confidence.

But above all else, my confidence rests on the inherent strengths of Australia—a talented people; a strong economy; a robust democracy underpinned by tested national institutions; and a greater sense of national self-confidence about who we are and what we stand for.

Session One—Global context and influences

PROLIFERATION: IS A NEW WAVE LOOMING?

Robert L Gallucci

My topic today is ‘Nuclear proliferation: Is a new wave coming?’ To raise the question of a new wave suggests to me, of course, that there was an old wave, and I thought that was a good place to begin. So what I propose to do is to describe three visions or images of the non-proliferation wave, or the proliferation wave, as we came to know it, over about thirty years. This period, incidentally, during which I had entered government service and spent much of my time working on the proliferation issue.

My plan is to briefly assess each one of these images that we had some thirty years ago and then turn to the characterisation of where we are now. Now, that suggests a kind of grand horseback ride through history that one would have to be particularly well suited to accomplish, and I would like to persuade you that I’m the person to do this.

When I started thirty years ago, I worked on the problem of Pakistan first. My mission in government service was to make sure that Pakistan never ever acquired nuclear weapons. That was my first mission. After that I was assigned to become Deputy Director-General of the Sinai peacekeeping force, the Multinational Force and Observers, and for four years my mission was to make sure that a warm peace developed between Israel and Egypt. After that, I was assigned the task of Deputy Executive Chairman after the first Gulf War and, of course, my mission then was to make sure that Iraq was disarmed of weapons of mass destruction so we never had to worry about Iraq again. After that, I was assigned to Russian safety assistance, put in charge of the ‘loose nukes’ problem in Russia, so we didn’t have to worry about fissile material leaking out of the former Soviet Union.

After that I was put in charge of the negotiations with North Korea that resulted in the agreed framework, and my mission, of course, was to make sure that we never had to worry about a nuclear weapons program in North Korea ever again. After that I was at Dayton and I was put in charge of the implementation of the Dayton accords to make sure that a warm relationship and a successful multicultural, multiethnic society developed between Bosniak, Serb and Croatian. I then went to Georgetown but was brought back, undoubtedly because of this record, and was put in charge of the Russian–Iranian relationship to make sure that we stopped the Russians providing any assistance to Iran in the area of nuclear energy or ballistic missiles.

This, I submit to you, is an unbroken record of diplomatic failure. I can tell you, though, that as I look at an audience that is largely Australian, that in the American system, after each one of these assignments, I was promoted. So with the triumph of experience over performance I now move ahead with the presentation that draws on all this.

The first image that informed us was an image of proliferation that was driven by the character of the international system.

The first image that informed us was an image of proliferation that was driven by the character of the international system. It was driven by the concept of a self-help system, and in that self-help system the realist view of international politics prevailed. States would acquire the means to achieve their security. They would do whatever was necessary. This image had nuclear weapons, and the emergence of nuclear weapons, being no different from any other technological innovation in the military sphere. Intentions really would not sort out or distinguish what one state did from another state. This was a systemically driven view of what the future would look like. The intentions would be universal. The only thing that would limit proliferation would be capabilities. The process would be inevitable. This, in the 1960s, led JFK, John F. Kennedy, somewhat famously—and then many academics somewhat less famously—to predict that by the end of the century, by 2000, there would be forty, fifty or sixty states with nuclear weapons.

Moreover, in 1974—and I went into government in 1974 but this was not causal—India detonated its peaceful nuclear explosion. And for those of us in government, particularly, this was the demonstration that the capability would spread, with the intentions already there. In a somewhat politically incorrect way, we said if an underdeveloped country like India could develop nuclear weapons, we could surely expect a world of nuclear weapons. In fact, however, there are not dozens of nuclear weapon states today. There are, by my count, nine. And if you were to ask why, you might get any number of answers. Mine would begin with the creation of international regimes, principally the nuclear non-proliferation treaty regime and the International Atomic Energy Agency safeguard regimes, which are connected, of course. Together they are important, not because of the force of law specifically, or because these regimes are enforced, but because they helped create an international norm against the acquisition of nuclear weapons. This might be the revenge of the constructionists against the realists in international political theory, but I will spare you that conversation and just tell you that I believe that the norm has become important.

Moreover, there were alliances that were extremely important. I put the NATO alliance first. When I went into government it was only then that several European countries were in fact adhering to the nuclear non-proliferation treaty and they were doing so on the clear understanding that there was a nuclear umbrella provided by the United States and they could achieve their security objectives under that umbrella without the acquisition of nuclear weapons.

There is a rather robust academic literature on why states do not acquire nuclear weapons. I recommend to you particularly Mitchell Reiss's work, one of the books entitled rather neatly I think *Bridled Ambition*.

There was, in short, however, no wave driven by systemic conditions of the international system.

The second image, proliferation driven by capability: this image was one that evolved rather quickly with the emergence of nuclear energy as an important source of energy for the international community, for the world at large.

The second image, proliferation driven by capability: this image was one that evolved rather quickly with the emergence of nuclear energy as an important source of energy for the international community, for the world at large. This image was really driven by the perception that all the facilities of the nuclear fuel cycle would spread around the world and would be available, the full fuel cycle. And if that happened, the image that was created depicted a world in which enrichment facilities at the front end of the nuclear fuel cycle and reprocessing facilities at the back end of the fuel cycle would be everywhere. Therefore highly enriched uranium could be everywhere and separated plutonium could be everywhere, the materials, the fissile materials necessary for the manufacture of nuclear weapons.

This image was given to us, we thought, principally, intellectually, by the Atomic Energy Commission of the United States of America, which defined the fuel cycle, defined the standard for the international community. Enrichment facilities were not only necessary for low-enriched uranium for light water reactors, but also to produce highly enriched uranium for research reactors and even to start fast breeder reactors before there was sufficient plutonium. Indeed, the expectation would be that countries would not dispose of their spent fuel; they would reprocess the fuel, recycle the plutonium in existing or thermal reactors, and then pave the way for fast breeder reactors which would produce a true plutonium economy in the energy sector.

The energy crisis of the 1970s added to this image. There was a huge commitment to nuclear power around the world. If you remember the numbers of planned reactor starts, not only in the United States but across Europe and around the world, it was really quite incredible. But in fact that image was never realised as it was anticipated.

In 1975, the MITRE report came out and questioned the economics and the security implications of a plutonium economy and of the availability of fissile material. Jimmy Carter was elected president of the United States, rather abruptly cancelled the reprocessing

facilities, cancelled the fast breeder reactor program in the United States, came out against plutonium fuels, and tried to use US authorities under our law to limit reprocessing by other countries. That had a chilling effect on efforts to advance a 'full fuel cycle.'

In addition, in the United States, the Three Mile Island accident had an impact on planned new reactor starts, and, indeed, there has not been one since the Three Mile Island incident. Internationally, the accident at Chernobyl added to the concerns about reactor safety.

Probably, though, more important than each one of those was the cost of nuclear energy. The capital cost incurred by utilities who were to choose nuclear energy were high, the regulatory process dragged out the process of acquiring nuclear energy, the technical difficulty of accomplishing reprocessing and, indeed, of making a fast breeder reactor actually operate, all this led to a lessening of enthusiasm for nuclear energy.

In short, we have ended up with a world in which we do not have full fuel cycles everywhere around the planet, we do not have widespread reprocessing and separation of plutonium, and we do not have large numbers of enrichment plants producing highly enriched uranium. And fissile material, while more widely available than we would like it to be, is rather limited in the number of countries in which it is available.

... we are now in a period in which we are confronting the challenges of climate change, and we have at least two propositions, one that nuclear energy alone will not solve the problem of carbon fuels, and the other proposition is that any serious description of the most likely to be successful energy mix, would include nuclear energy and an embrace of nuclear energy that is quite substantial.

Before I close off this image, let me suggest to you that we are now in a period in which we are confronting the challenges of climate change, and we have at least two propositions, one that nuclear energy alone will not solve the problem of carbon fuels, and the other proposition is that any serious description of the most likely to be successful energy mix, would include nuclear energy and an embrace of nuclear energy that is quite substantial. That raises, of course, again, the questions of the 1970s and whether plutonium fuels would be part of our nuclear future. If it is just to be the current generation of reactors made more safe, thermal reactors, light water reactors, then we don't need to confront the question of separated plutonium or the production of highly enriched uranium, nor the spread of the sensitive facilities that produced them.

But if the initial thinking of the Bush Administration were to be sustained over a period of time, we would be re-embracing a plutonium economy, and I would suggest to you the image of capabilities and the availability of fissile material driving decisions whether or whether to not acquire nuclear weapons could once again be upon us. So I would say that it is not a problem at the moment, it did not produce a wave, but I can't imagine closing the book on that image just yet.

The third image was proliferation driven specifically by the intentions of individual countries that were regionally motivated in their decisions.

The third image was proliferation driven specifically by the intentions of individual countries that were regionally motivated in their decisions. In the 1970s, again being politically incorrect, at least in one small unit of the State Department of the US Government, we identified what we called the dirty dozen, twelve countries that we thought were threshold countries. There were two in northeast Asia, Korea and Taiwan—it was not North Korea then, it was South Korea. There were two in south Asia, India and Pakistan. There were five in the Middle East—Israel, Iraq, Iran, Libya and Egypt. There was one in Africa—South Africa. There were two in Latin America—Argentina and Brazil.

If we go back and review the results of our efforts to deal with these twelve countries, we find a sort of mixed record. International action, particularly the London Club, which became the nuclear suppliers group represented an international recognition by the principal nuclear suppliers around the world that there were such things as sensitive regions and there were such facilities as sensitive facilities, and sensitive facilities should not go to sensitive regions and that had a big impact on the spread of capability. This was a kind of technological denial and while by itself it did not solve the problem, it allowed time so that other forces could solve those problems.

I note, if we go back over those countries, there was internal domestic change in South Africa. South Africa did in fact produce six nuclear weapons but then disassembled them and subjected the fissile material to international safeguards. Argentina and Brazil then moved away because of internal domestic decision making from nuclear weapons programs. Because of, I would say, US direct action and that of other countries, South Korea and Taiwan were persuaded, as a result of their relationship with the United States, which the United States made use of, to persuade them to abandon their nuclear weapons programs. Iraq: this is a case where we must give war a chance. The first Iraq war did in fact, I think, end a nuclear weapons program which would have become realised within, I would estimate based on my experience, a year or two. And the Libyan case, which has many interpretations, but certainly the Libyans were, whether as a result of the Gulf War or not, dissuaded.

That leaves five other countries. Israel was lost in the sixties, India was lost in the seventies, Pakistan was lost in the eighties, and the question is, in the first decade of the 21st century, will we have lost North Korea and in the second decade will we lose Iran? More on this in a moment.

So now I would say we do not confront a new wave of countries. What we do confront, if I were to characterise this, are two new images. One is the residue of the old wave—that is to say Israel, India, Pakistan, Iran and North Korea. The second image is the image of the non-national actor or the terrorist nuclear threat—a few words about both of these.

The old wave produced the countries that I listed and I shall address each one of them. The Israeli case is one in which most people would agree we have a country that does indeed have a security challenge. It is threatened. The relationship of its nuclear weapons program to

that threat, though, is rather interesting. By most interpretations, the Israelis did not produce nuclear weapons to deal with the conventional threat of its Arab neighbours, but rather to deal with the possibility of a Soviet intervention. They wanted a sort of force de frappe to deal with the Soviet Union and they built one.

The question is: Would Israel ever give up its nuclear weapons? There was an important moment, in an activity that many of you may have forgotten, (but since I co-chaired this activity with Mr Berdenikov from Russia, I have not) that is called the Arms Control and Regional Security Working Group of the Madrid Process. In one session, we, I would not say extracted, but promoted, a statement from the Israeli representative which I think is about as far as I have ever heard an Israeli go on the subject of weapons and its security. And I will paraphrase the statement this way: 'When the security context for Israel changes, the requirements for Israel security will also change.' You have to be a little creative to read that the way I do, but I think there is hope, over some period of time, even if it be geologic in character.

But I would say most interestingly Israel's nuclear weapons program is not the cause, or was not the cause, of Libya's program, was not the cause of the Iraqis' program, is not the cause of the Iranian program. I think if the Israeli program were not there, we would be confronting those programs as we had seen them and as we do see them.

India and Pakistan—I think if you ask most analysts the most likely place on the planet for a nuclear weapon to be used in anger by one state against another, most would say in south Asia.

India and Pakistan—I think if you ask most analysts the most likely place on the planet for a nuclear weapon to be used in anger by one state against another, most would say in south Asia. They have relatively small nuclear arsenals. They are not hardened or mobile. There are short flight times. They are, for the strategist, 'lose or use' in times of crisis. They are, in fact, therefore not stabilising; they are provocative.

I would add to that, as you will have noticed, that India and Pakistan are contiguous; they do not have any peripheries; there is no strategic depth. If there is a conventional engagement, the countries will engage vital interests, that is to say their sovereign territory, virtually immediately. There is on both sides ignorance of the other side's red lines; there is a conventional force, a symmetry between India and Pakistan, favouring India; there is the Kashmir dispute, which has gone unresolved and sits atop a base of Hindu-Muslim divide. All this to me suggests that we should not be relaxed about the future of the subcontinent and the possibility of the use of nuclear weapons in a conflict. So I look at this one as partly defining the current situation and for some time the future situation in proliferation.

Iran and North Korea. You will have noticed that a deal has been struck between the five parties and the one-party in the six-party talks on 13 February. If you blur your vision slightly it looks a lot like, in structure, the deal that was struck in 1994. It involves, on our side, the provision of certain kinds of security assurances, provision of economic assistance of various types, perhaps even light water reactors. It involves, on the side of the North Koreans, the

end of their nuclear weapons program. This is all familiar because the objectives of the United States and the other four and the objectives of North Korea on the other side really haven't changed fundamentally in the years since the agreed framework was negotiated.

But there are questions to be asked about the current situation. The most basic one is: Will the North Koreans in fact give up their nuclear weapons and give up their nuclear weapons option? I am certain that I do not know the answer. What I find more interesting than not knowing the answer is that it will be hard to find out. I think it will be hard to find out because our knowledge of the North Korean nuclear program rests on intelligence, and if you have been paying attention to intelligence, and particularly the American intelligence, you will have noticed that the intelligence can raise more questions that it can answer. What is the exact character of the North Korean enrichment program, when will it be declared and when will it be destroyed and will we know if it has been, and even more important, how much plutonium do the North Koreans have, have they in fact produced nuclear weapons and if they say they have declared a certain amount of plutonium, will they have declared a half, a quarter or all of it? This will make testing the North Korean case difficult.

The threat, of course, has always been three-part. We fear that they would mate nuclear weapons with those extended range ballistic missiles and directly threaten the rest of Asia as well as eventually continental United States. Second, that an active nuclear weapons program in North Korea would serve to provoke the Japanese, and even the South Koreans, to decide that they are perhaps even for domestic reasons unhappy and unsatisfied with the American nuclear umbrella as a method of checking the North Koreans and we will have therefore a domino effect in northeast Asia. And, third, there is the concern that the North Koreans might transfer fissile material, if not nuclear weapons, in order to earn hard currency. What they have done, in other words, as the only country on earth providing ballistic missiles to other countries, they would do with fissile material. It is the third concern that I will come back to, the third point, the transfer, which is most threatening to the United States particularly.

Iran, there are some parallels. The Iran centrifuge program is likely to provide to the Iranians an option to produce fissile material and nuclear weapons in some period of time—unlikely in three years, more likely in five years. There are questions about whether the Iranians can be persuaded in some way to give up that enrichment program which the Iranian leader, Ahmadinejad, has successfully equated with Iranian sovereignty for the Iranian people, which will make this a hard sell. Sanctions, I still believe, could possibly work if put together with substantial carrots. I think the United States, because it is the key to Iranian security, would have to be part of that deal. So I would hope that over time the United States would give up its current precondition—that is to say the suspension of work on the enrichment program—as the precondition for engaging in negotiations. It is not a good idea, when you're negotiating, to make as a precondition one of your objectives in the negotiation. So if the United States were to join, I would not lose hope that Iran could be dissuaded.

The concerns, very similar to North Korea, are that Iran would mate a nuclear weapon with its medium range ballistic missile, the Shahab-3, which is of course not an Iranian medium range ballistic missile but a North Korean Nodong modified with Russian assistance, and that would threaten countries in the Middle East, including Israel; that Iran would, with a nuclear weapons program if it went in that direction, provoke a domino effect in the Middle East, certainly having the gulf states respond; and finally that Iran could be the source of fissile material as a result of a transfer, much the way it transfers conventional weapons to terrorist organisations today.

We have no defence against a nuclear weapon delivered by a terrorist group, because it will be delivered in an unconventional way.

That leads me finally to the second image that defines the current situation of proliferation and that is the non-national actor or the terrorist nuclear threat. This is the key threat from an American perspective that emerges from the North Korean and Iranian case. It is not nuclear weapons in North Korea; it is not nuclear weapons in Iran. We do believe that we can deter these states, as we have deterred other states, we think. One never knows about deterrence. We only know when it fails. But we think we can deter them. What we can't deal with is the fissile material transfer problem. We have no defence against a nuclear weapon delivered by a terrorist group, because it will be delivered in an unconventional way. After we get finished worrying about all the containers, we can then start worrying about all the trucks, and then we can worry about the marinas and then we will rapidly conclude that we really cannot defend, as a strategist would say, by denial, or by preventing a nuclear weapon from being introduced into the United States, which leaves us only with deterrence. Deterrence, of course, creates the problem of knowing exactly who your attacker is, having an attacker who had some level of unacceptable damage, and anybody who presents to you the proposition that they value your death more than their life is not a really good candidate for deterrence.

So the only question here in order to assess the importance of this is: Is this really possible, or is it the stuff of fiction? It seems to me it's really possible. I start with the assumption that if al-Qaeda had a nuclear weapon it would use it, that it would not be constrained by concerns of political consequences. This is not the old-style terrorist that made that kind of a judgment. Second, I assume that if they had a nuclear weapon they could deliver it, that we could not in fact have any confidence of stopping them. Third, that they would more likely get fissile material and manufacture a weapon than they would actually get a complete nuclear weapon. Nine states have nuclear weapons. All of them take a lot of care to make sure their weapons are controlled and somewhat substantially less care in those cases to control their fissile material.

So the questions are: Can they get highly enriched uranium and/or plutonium and could they manufacture a nuclear weapon if they did? Where would the fissile material come from? Well, today it would come from Russia, or Pakistan I would think most likely. Could it come from elsewhere? Yes. France has fissile material, Britain has fissile material, Japan has fissile material. But most likely because of the tonnes, which means thousands of kilograms of fissile material in Russia, still, after more than a decade of cooperative reduction and Nunn-Lugar, still inadequately secured, and because in Pakistan, while the amounts are smaller, there are Islamicists in Pakistan very sympathetic to the most radical interpretations of Islam who are both in the army and the nuclear establishment. So we worry about both these cases, and if material were to get to al-Qaeda from Russia or Pakistan, it would not be because there was a decision to transfer. It would be, and we could characterise it as, leakage. Neither Putin nor Musharraf would want it to happen, but they would not have succeeded in preventing it from happening.

The other two cases, North Korea eventually, maybe not long from now, could be a source, and eventually so could Iran. These would not be very likely cases of leakage; they would be cases of transfer, because of the character of their state. If al-Qaeda acquired fissile material from one of these sources, could they manufacture a nuclear explosive device? I think in technical terms the answer is unambiguously yes. They would not manufacture the complicated implosion system that we had to test before we dropped it on Nagasaki to end the war in the Pacific. They would manufacture the simple gun-type device that we dropped on Hiroshima, which we did not bother to test, because it is that simple.

Those of you who are technically inclined would note that you typically would say you can't build a gun-type device with plutonium, you must have high-enriched uranium. Well, you're thinking like a weapons designer when you say that, and not because you will not get nuclear yield with plutonium. It is because you will not get a full nuclear yield, design yield. But while you may be aiming for a 12 kilotonnes to 15 kilotonnes, 1,000 tonnes of TNT equivalent, if you got a thousand tonnes, a kilotonne or a fraction of a kilotonne, that would produce an awful lot of damage in a city.

So for many in the United States, the hottest topic right now is what do you do if you have no defence or deterrence to deal with this problem. The answer a lot of people are coming up with is attribution; that is to work at trying to attribute fissile material to its source so that you can recapture some deterrence, achieve a kind of expanded deterrence, so you could tell the North Koreans and the Iranians, 'If there is a detonation in an American city and we succeed in tracing the material back to your country we will treat you as though you were the attacker', and therefore try to deter the transfer in the first place. That would deal with transfer.

How do we deal with the Russians and the Pakistanis to get them to more thoroughly control their fissile material?

The leakage problem is another more difficult one. How do we deal with the Russians and the Pakistanis to get them to more thoroughly control their fissile material? Some would argue that in the event of a detonation in an American city that killed a quarter of a million people promptly, an American president who was told by a section of the intelligence community that the material actually came from Pakistan or Russia would have to do something, and couldn't just 'suck that up', to use a current American phrase. He would have to do something about that. If that's true, then it seems to me that we ought to be having conversations with the leaders of those countries fairly soon to make sure they understand that if they are in a position of having been negligent in the control of their material, the implications could be quite catastrophic for them and for their country.

I leave you with this thought, which is an incomplete one, that this is a problem that we are currently struggling with. I would suggest to you, along with those two countries Iran and North Korea, the terrorist threat really does define the non-proliferation problem these days and it is a very difficult and challenging one indeed.

CLIMATE CHANGE: A NEW FACTOR IN INTERNATIONAL SECURITY?

Brahma Chellaney

What we face today is a climate crisis that has arisen due to the relentless build-up of planet-warming greenhouse gases in the atmosphere. The ocean-atmosphere system that controls the world's climate has become vulnerable to adverse change. For long, global warming had not been taken seriously, and even the few who did see its threat potential, viewed the matter as simply an environmental or economic issue. Climate security is a new concept, which acknowledges that global warming carries international and national security implications. The most severe effects of climate change are likely to occur where states are too poor or fragile to respond or to adapt adequately. If the world is to control or minimise the likely major geopolitical and human-security consequences, climate change needs to be elevated beyond scientific discourse to a strategic challenge requiring concrete counteraction on the basis of a broad international consensus.

Intra-state and inter-state crises over water and food shortages, inundation of low-lying areas, or recurrent droughts, hurricanes or flooding may lead to large displacements of citizens and mass migrations, besides exacerbating ethnic or economic divides in societies. It is thus important to examine the risks of global warming, including potential situations in which climatic variations could be a catalyst for conflict within or between states. What climate-change effects, for example, could destabilise the geopolitical environment and trigger resource-related disputes or wars? Would resource-rich states seek to build virtual fortresses around their national boundaries to preserve their advantage and insulate themselves from the competition and conflict elsewhere? How would climate change impinge on military operations?

Risk assessment is an essential component of strategic planning. Such assessment can help focus attention on the key elements of climate security in order to evolve appropriate policy responses to safeguard broader national security.

The broader context

Despite extensive research since the early 1990s, the extent of future climate change remains uncertain and difficult to project. To some, global warming, far from causing gradual, centuries-spanning change, may be beginning to push the climate to a tipping point. There is no scientific evidence yet that the global climatic system is close to a critical threshold. But there is ample evidence of accelerated global warming and the potential for adverse security-related effects resulting from unwelcome changes in climate.

The degree and pace of future climate change will depend on four factors:

- (i) the extent of the energy- and development-related increase of greenhouse gases and aerosol concentrations in the atmosphere
- (ii) the impact of deforestation, land use, animal agriculture and other anthropogenic factors on climate variation
- (iii) the impact of natural influences (including from volcanic activity and changes in the intensity of the sun) on climate variation

(iv) the extent to which temperature, precipitation, ocean level and other climatic features react to changes in greenhouse-gas emissions, aerosol concentrations and other elements in the atmosphere.

For example, clouds of aerosol particles from biomass burning and fossil-fuel consumption are contributing to the accelerated thawing of glaciers. While aerosol particles play a cooling role by reflecting sunlight back into space, they also absorb solar radiation and thus contribute to global warming. According to a study by Veerabhadran Ramanathan *et al*, which employed general circulation model simulations, the vertically extended atmospheric brown clouds observed over the Indian Ocean and Asia, along with the increase in anthropogenic greenhouse gases, ‘may be sufficient to account for the observed retreat of the Himalayan glaciers’.¹

The climate crisis is a consequence of the rapid pace of change in the contemporary world. Technological forces are playing a greater role in shaping geopolitics than at any other time in history. Political and economic change has also been fast-paced. Not only are new economic powers emerging, but the face of the global geopolitical landscape has changed fundamentally in the past two decades. As new actors emerge on the international stage, the traditional dominance of the West is beginning to erode.

Such rapid change has contributed since the end of the Cold War to the rise of unconventional challenges, including the phenomenon of failing states, growing intrastate conflicts, transnational terrorism, maritime-security threats, and threats to space-based assets. Climate change, although not a new phenomenon, belongs to this list of unconventional challenges. As Danish Foreign Minister Per Stig Møller has rightly put it, ‘In contrast to traditional foreign policy and security threats, climate change is not caused by “hostile” enemies. It is different from terrorism, which we can fight, and weapons of mass destruction, which we can destroy. This time it is not about political values. It is about our production and consumption patterns’.²

The challenge of climate change is really the challenge of sustainable development.

The challenge of climate change is really the challenge of sustainable development. In the continuing scramble to build economic security, energy security, food security, water security and military-related security—all on a national basis—the world now is beginning to face the harsh truth that one nation’s security cannot be in isolation of others. In fact, the rapid pace of economic, political and technological change in the world is itself a consequence of nations competing fiercely for relative advantage in an international system based largely on national security. Climate change is a legacy of such assertive promotion of national interests.

The climate crisis, of course, has been accentuated by rapid economic development in Asia, which today boasts the world’s fastest-growing economies, besides the fastest-rising military expenditures and the most dangerous hot spots. Asia, through its dynamism and fluidity and as home to more than half of the world’s population, is set to shape the future of globalisation. It also has a critical role in the fight against climate change, as underscored

by a recent Dutch report that China has now overtaken America as the world's biggest greenhouse-gas emitter on a national, rather than a per capita, basis.

It is true that a US resident is currently responsible, on an average, for about six times more greenhouse-gas emissions than the typical Chinese, and as much as eighteen times more than the average Indian. But it is also true that if Asians continue to increase their output of greenhouse gases at the present rate, climate change would be seriously accelerated.

We should not forget, however, that Asia is only bouncing back from a 150-year decline, and is now seeking to regain economic pre-eminence in the world. According to an Asian Development Bank study, Asia, after making up three-fifths of the world's GDP at the beginning of the industrial age in 1820, saw its stake decline to one-fifth in 1945, before dramatic economy recovery has helped bring it up to two-fifths today. In keeping with its emerging centrality in international relations and relatively young demographics, Asia serves as a reminder that the ongoing power shifts foreshadow a very different kind of world.

Like other unconventional challenges, the challenge thrown up by global warming can only be tackled effectively by building and maintaining a broad international consensus. Indeed, the ongoing power shifts in the world have made such consensus building a sine qua non for the success of any international undertaking. With greater distribution of power, the traditional America-centric and Euro-centric world is also changing. The old divides (like the East-West and North-South) are giving way to new divides. Even though world economic growth is at a thirty-year high, with global income now totalling \$51 trillion annually, the consensus on globalisation is beginning to fracture.

Strategic implications

Combating climate change is an international imperative, not merely a choice. The new global spotlight on climate change has helped move the subject into the international mainstream. There is now growing recognition that climate security needs to be an important component of international security, as evidenced by the 2007 special debates on climate change in both the United Nations Security Council and General Assembly.

There is an ominous link between global warming and security, given the spectre of resource conflicts, failed states, large-scale migrations and higher frequency and intensity of extreme weather events, such as cyclones, flooding and droughts.

There is an ominous link between global warming and security, given the spectre of resource conflicts, failed states, large-scale migrations and higher frequency and intensity of extreme weather events, such as cyclones, flooding and droughts. Some developments would demand intervention by the armed forces. Climate change has been correctly characterised as a 'threat multiplier'.

In terms of long-term geopolitical implications, climate stress could induce perennial competition and conflict that would represent a much bigger challenge than any the world faces today, including the fight against the al-Qaeda or the proliferation of dual-use nuclear technologies among the so-called ‘rogue’ states. After all, climate stress, and the attendant cropland degradation and scarcity of fresh water, are likely to intensify competition over scarce resources and engender civil strife.

Such are its far-reaching strategic implications that climate change could also foster or intensify conditions that lead to failed states—the breeding grounds for extremism, fundamentalism and terrorism. Although an unconventional challenge by itself, climate change is likely to heighten low-intensity military threats that today’s conventional forces are already finding difficult to defeat—transnational terrorism, guerrilla movements and insurgencies.

Furthermore, climate change could increase the severity, duration and the collateral impact of a conflict, besides triggering mass dislocation. For example, the South Pacific islands, as the Intergovernmental Panel on Climate Change (IPCC) said in the second of four reports in 2007, are likely to be hit by an increased frequency of tropical storms and be battered by rising sea levels, forcing the likely migration of many residents to Australia and New Zealand. Besides worsening droughts and increasing fires and flooding in Australia and New Zealand, global warming could threaten ecologically rich sites like the Great Barrier Reef and the sub-Antarctic islands.

Securitising the risks of climate change also helps to turn the issue from one limited to eco-warriors to a subject of major international concern.

That is why climate change ought to be on the national and global security agenda. Securitising the risks of climate change also helps to turn the issue from one limited to eco-warriors to a subject of major international concern. That in turn may help facilitate the heavy-lifting needed to give the problem the urgency and financial resources it deserves. Having succeeded in highlighting climate change as an international challenge, however, the emphasis now has to shift to building consensus on combating climate change. Most importantly, the international community needs to move beyond platitudes to agreed counteraction.

The security-related challenges posed by climate change can be effectively dealt with only through a cooperative international framework. No international mission today can hope to achieve tangible results unless it comes with five Cs: coherence, consistency, credibility, commitment and consensus. Indeed, this is the key lesson one can learn from the way the global war on terror now stands derailed, even as the scourge of transnational terrorism has spread deeper and wider in the world.

Climate change is a real and serious problem, and its effects could stress vulnerable nations and spur civil and political unrest. Yet the creeping politicisation of the subject will only make it harder to build international consensus and cooperation on a concrete plan of action. Take

the insistence of some to add climate security to the agenda of the United Nations Security Council. If climate change were to become part of the agenda of the Security Council—a hotbed of big-power politics—it would actually undercut such consensus building. With five unelected, yet permanent, members dictating the terms of the debate, we would get international divisiveness when the need is for enduring consensus on a global response to climate change.

... the creeping politicisation of the subject will only make it harder to build international consensus and cooperation on a concrete plan of action.

Politics has also come in the way of reaching an agreement, even in principle, on defining what is popularly known as the ‘common but differentiated responsibility’ of the developed and developing states. At the Group of Eight (G-8) Outreach Summit in mid-2007 in Germany, for instance, leaders of the G-8 powers and the new Group of Five (G-5) comprising the five emerging economies—China, India, Brazil, Mexico and South Africa—talked past each other. The G-8, in its declaration, asked ‘notably the emerging economies to address the increase in their emissions by reducing the carbon intensity of their economic development’. And the G-5 retorted by placing the onus of dealing with climate change on the developed nations, asking them to make significant cuts in greenhouse gas emissions first. ‘Greenhouse-gas mitigation in developed countries is the key to address climate change given their responsibilities in causing it’, noted a G-5 policy paper presented to the leaders of the G-8. This to-and-fro cannot hide the imperative for an equitable sharing of responsibility.

While being on the green bandwagon has become politically trendy, the action often involves little more than lip service to climate security. Sometimes the political action makes the situation only worse. Take the Bush Administration’s embrace of corn-derived ethanol. The move does little to fight climate change or reduce US dependence on imported oil. But it does a lot to create a windfall for the farm lobby by boosting grain prices. It began as a promise of a free lunch—to encourage farmers to grow more corn so that ethanol companies could use it to reduce America’s dependence on imported oil without affecting US consumers. Instead it has shown that there can be no free lunch. The ripples from the ethanol boom have already meant higher prices for corn, wheat, fertilizer and the food on our table—and rising US dependence on imported fertilizers.

Generous subsidies are at the core of the Bush Administration’s goal of replacing over the next decade 15% of domestic gasoline use with biofuels (corn ethanol and biodiesel). This target is sought to be propped up through a subsidy of 51 cents a gallon for blending ethanol into gasoline, and a import tariff of 54 cents a gallon to help keep out cheap sugarcane-based ethanol from Brazil. To achieve that 15% target would require the entire current US corn crop, which represents 40% of the global corn supply.

Having unleashed the incentives to divert corn from food to fuel, the United States is now reaping higher food prices. The price of corn has nearly doubled since 2006. At the beginning of 2006, corn was a little over \$2 a bushel. Now in the futures markets, corn for December 2007 delivery is selling at \$3.85 a bushel, despite projections of a record 12.5 billion-bushel

corn harvest in the United States this year. With corn so profitable to plant, farmers are shifting acreage from wheat, soybeans and other grains, putting further upward pressure on food prices. The losers are the poor. As of June 2007, a bushel of soybeans was up 36% from a year earlier. The price of wheat is projected to rise 50% by the end of 2007.

With the European Union also jumping on the ethanol bandwagon, a fundamental issue has been raised—how can ethanol be produced and delivered in keeping with the needs of sustainable development? The political claim that corn-derived ethanol is environmentally friendly has to be seen against the fact that, compared to either biodiesel or ethanol from rice straw and switchgrass, corn has a far lower energy yield relative to the energy used to produce it. It should also not be forgotten that growing corn demands high use of nitrogen-based fertilizers—produced from natural gas. The 16% increase since 2006 in US corn cultivation has resulted in a big surge in US fertilizer demand—as much as an extra 1 million metric tons in 2007. There are two other factors that should not be overlooked—(i) because ethanol yields 30% less energy per gallon than gasoline, the fall in mileage is significant; and (ii) adding ethanol raises the price of blended fuel over unblended gasoline because of the extra handling and transportation costs.

The craze for ethanol is also encouraging the felling of tropical forests in a number of countries to make way for corn, sugar and palm-oil plantations to fuel the world's growing thirst for ethanol. That is senseless: to fight climate change, the world needs forests more than ethanol. Forests breathe in carbon dioxide and breathe out oxygen every day, helping to keep our planet cool. Besides storing carbon and reducing the effects of greenhouse-gas emissions, forests filter pollution and yield clean water.

It is important to know that despite the justifiable attention on China's rapidly growing industrial pollution, the destruction of the world's tropical forests contributes more to global warming every year than the carbon-dioxide emissions from Chinese coal-fired power plants, cement and other manufacturing factories, and vehicles. Fortunately, the massive enthusiasm over biofuels is now finally beginning to give way to realism and even concern that biofuels pose a threat to global food security and biodiversity.

Another invidious way climate change is being politicised is through embellishment of the technical evidence on global warming. Take the reports of the IPCC, a joint body of the World Meteorological Organization and UN Environment Programme. Ever since the IPCC in 1990 began releasing its assessments every five or six years, the panel has become gradually wiser, with its projected ocean-level increases due to global warming on a continuing downward slide. As a body, the IPCC remains on a learning curve.

From projecting in the 1990s a 67-centimetre rise in sea levels by the year 2100, the IPCC has progressively whittled down that projection by nearly half—first to 48.5 centimetres in 2001 and then to 38.5 centimetres in 2007. Should the world be worried by the potential rise of the oceans by 38.5 centimetres within the next 100 years? You bet. We need to slow down such a rise. But if a rise of 38.5 centimetres does occur, will it mean catastrophe? Not really.

If the world didn't even notice a nearly 20-centimetre rise in sea levels in the past century, a slow 38.5-centimetre ascent of the oceans over the next 100 years cannot mean a calamity of epic proportions. Yet the scaremongering has picked up steam—'the Netherlands would be under water', 'millions would have to flee Shanghai', 'Bangladesh's very existence would be imperilled'.

Climate change is a serious challenge with grave security implications, but it doesn't mean we are doomed. It is important to see things in a balanced way. There can be genuine differences in assessing the likely impact of global warming. The Stern Report, for example, seems more alarmed over potential climate-change implications than the IPCC.³ Such differences among experts are understandable. What is unconscionable is the scaremongering. Doomsday ayatollahs should not be allowed to dictate the debate.

Yet another facet of the current climate-change geopolitics is that the term, global warming, is being stretched to embrace environmental degradation unrelated to the effects of the build-up of greenhouse gases and aerosol concentrations in the atmosphere. What has climate change to do with reckless land use, overgrazing, contamination of water resources, overuse of groundwater, inefficient or environmentally unsustainable irrigation systems, waste mismanagement or the destruction of forests, mangroves and other natural habitats? Some of these actions, of course, may contribute to climate variation but they do not arise from global warming.

Climate change cannot be turned into a convenient, blame-all phenomenon. If man-made environmental degradation is expediently hitched to climate change, it would exculpate governments for reckless development and allow them to feign helplessness. In such a situation, like the once-fashionable concept of human security, climate change could become too diffused in its meaning and thereby deflect international focus from tackling growing fossil-fuel combustion, the main source of man-made greenhouse gases.

It is important to distinguish between climate change and environmental change. Hurricane Katrina and perennial flooding in Bangladesh, for instance, are not climate-change occurrences but result from environmental degradation. Frequent flooding in Bangladesh is tied to upstream and downstream deforestation and other activities resulting from increased population intensity. Climate change, certainly, could exacerbate such flooding.

Given its serious long-term strategic implications, climate change calls for concerted international action. But if counteraction were to be turned into a burden-sharing drill among states, it would fail because distributing 'burden' is a doomed exercise. Neither citizens in rich states are going to lower their living standards by cutting energy use, nor will poor nations sacrifice economic growth, especially because their per-capita CO₂ emissions are still just one-fifth the level of the developed world.

What is needed is a new political dynamic that is not about burden-sharing but about opportunity centred on radically different energy and development policies. This means not only a focus on renewable energy and greater efficiency, but also a more-urgent programme of research and development on alternative fuels and carbon-sequestration technologies. CO₂ is not dangerous to human beings by itself. But too much CO₂ in the atmosphere is dangerous for climate stability because it changes the heat balance between Earth and the Sun. Yet CO₂ emissions account for 80% of the planet-warming greenhouse gases. The other 20% share is made up of potent gases like methane, nitrous oxide and sulphur hexafluoride (SF₆). The man-made SF₆ is used to create light, foam-based soles to cushion joggers' feet. The European Union, with effect from June-end 2007, has rightly prohibited the sale of such footwear. Methane, on the other hand, is released in coalmining, gas extraction, and from landfill, cattle and various other sources. Methane capture, however, holds attractive commercial value: it is the main ingredient of natural gas.

Given that the world has either developed or attempted to build common international norms on trade, labour practices, human rights, nuclear non-proliferation, etc., fashioning common global standards on CO₂ emissions is necessary. To help control excess carbon intensity in the manufacture of goods, such standards could be made to apply to trade practices, too. In the same way that we seek to ensure that imports are not the products of child labour or other unfair labour practices, objective and quantifiable standards could be developed to regulate trade in goods contaminated by carbon intensity.

That would help to put on notice countries that do not seem to care about the carbon intensity of their manufacturing. Cheap imports, for example, from China—the world’s back factory—would become subject to such standards, putting pressure on both large importers like Wal-Mart and Beijing itself to move towards more environmentally friendly manufacturing. In the wake of the multiple scandals in 2007 over tainted Chinese food and drug exports, such an exercise would be part and parcel of efforts to raise industry standards and promote public-health and environmental safety. It could also help to instil accountability: the importer of goods ought to be no less culpable in the emission of CO₂ than the exporter.

If CO₂ and non-CO₂ levels of greenhouse gases in the atmosphere are not controlled, the higher average temperatures in the world could adversely upset the climate balance on which human civilisation and other species depend. Development and climate protection have to be in alignment with each other, because it cannot be an ‘either or’ proposition.

... it is becoming apparent to most that the costs of inaction outweigh the costs of action.

Against this background, it is becoming apparent to most that the costs of inaction outweigh the costs of action. The issue is not about horse-trade or burden. It is about sharing opportunity to create a better future. The opportunity is also about promoting green-technology developments. Ultimately, technology may offer salvation, given the power and role of technological forces today. Even if geo-engineering options to fix climate change are seen to belong to the realm of science fiction today, they still need to be pursued. As the history of the past century shows, scientific discoveries that seemed improbable at a given moment became a reality within years. Albert Einstein in 1932, for example, judged the potential of nuclear energy as a mirage. But 13 years later, the cities of Hiroshima and Nagasaki lay in nuclear ruins.

Likely security-related effects

The actual national security-related effects of climate change are likely to vary from region to region. For example, Australia’s size, resources, small population and geographical location position it better to cope with the effects of climate change. The same is the case with Canada. Japan, an insulated island chain with rugged terrain, could rely on its impressive social cohesion to induce resource conservation and other societal adaptation to climate change. But some parts of the world are likely to be severely hit by climate change and suffer debilitating security effects.

By and large, warming is expected to be the least in the islands and coastal areas, and the greatest in the inland continental areas. Several studies have shown that global warming is likely to actually strengthen monsoon circulation and bring increased rainfall in the monsoonal seasons.⁴ Changes in non-monsoon, or dry-season, rainfall have been more difficult to assess. The likely increased rainfall suggests that climate change is not going to be an unmitigated disaster. Rather, adaptation to climate change would demand the development of new techniques.

The weaker the economic and social base and higher the reliance on natural resources, the more a community is likely to be adversely affected by climate change.

Climate change is also likely to bring about important shifts in temperature patterns, a rise in sea levels, and an increase in the frequency and intensity of anomalous weather events, such as cyclones, flooding and droughts. These trends, cumulatively, could play havoc with agriculture and also impact on conservation strategies. The weaker the economic and social base and higher the reliance on natural resources, the more a community is likely to be adversely affected by climate change.

While it is scientifically not possible to predict future events with any degree of certainty, it is possible to draw some reasonable but broad conclusions, with the aim of controlling anthropogenic factors contributing to climate change. The likely security-related effects of climate change can be put in three separate categories:

1. Climate change is likely to intensify inter-state and intra-state competition over natural resources, especially water, in several parts of the world. That in turn could trigger resource conflicts within and between states, and open new or exacerbate existing political disputes.
2. Increased frequency of extreme weather events like hurricanes, droughts and flooding, as well as the rise of ocean levels, are likely to spur greater inter-state and intra-state migration—especially of the poor and the vulnerable—from delta and coastal regions to the hinterland. Such an influx of outsiders would socially swamp inland areas, upsetting the existing fragile ethnic balance and provoking a backlash that strains internal and regional security. Through such large-scale migration, the political stability and internal cohesion of some nations could be undermined. In some cases, this could even foster or strengthen conditions that could make the state dysfunctional.
3. The main casualty of climate change, clearly, is expected to be human security. Social and economic disparities would intensify within a number of states, as climatic change delivers a major blow to vulnerable sectors of the economy, such as agriculture, and to low-lying coastal and delta areas. In an increasingly climate change-driven paradigm, the tasks of good governance and sustainable development would become more onerous and challenging.

The economically disruptive effects of ocean-level rise and frequently occurring extreme weather events are likely to lead to create major national challenges, as those displaced are

forced to relocate inland. Jobs in the countryside, however, will not be easy to come by for migrants who are compelled to move into the hinterland due to loss of their agricultural land and production. That might only encourage mass influx into the already-crowded cities in the developing world.

The impact of climate variability on society will mean change in the social-economic-political environments on which the security of individuals, communities and states rest. Such variability would affect crop yields and the availability of water, energy and food, including seafood. The case for angst over the security implications of climate change has been underlined by an unclassified 2003 Pentagon study, which warned of large population movements and contended that diplomatic action would be needed to control likely conflict over resources in the most impacted areas, especially in the Caribbean and Asia. According to the report,⁵ climate change would affect Australia's position as a major food exporter, while the food, energy and water situation in densely populated China would come under severe strain by a decreased reliability of the monsoon rains and by colder winters and hotter summers. It paints one possible scenario in these words: 'Widespread famine causes chaos and internal struggles as a cold and hungry China peers jealously across the Russian and western borders at energy resources'.

The report hypothesised massive Bangladeshi refugee exodus to India and elsewhere, as recurrent hurricanes and higher ocean level make 'much of Bangladesh nearly uninhabitable'. Other scenarios discussed in the report include the possibility of the United States building a fortress around itself to shield its resources, besides getting locked in political tensions with Mexico through actions such as a cut-off of water flow from the Colorado River into lower-riparian Mexico in breach of a 1944 treaty.

In general, according to the report, 'Learning how to manage those populations, border tensions that arise and the resulting refugees will be critical. New forms of security agreements dealing specifically with energy, food and water will also be needed. In short, while the US itself will be relatively better off and with more adaptive capacity, it will find itself in a world where Europe will be struggling internally, [with] large number [of] refugees washing up on its shores, and Asia in serious crisis over food and water. Disruption and conflict will be endemic features of life'.

It should not be forgotten that in some situations, the effects of climate change are likely to foster or intensify conditions that lead to failed or failing states. That in turn would adversely impact regional and international security. In such cases, the more resource-secure countries would have to either aid such states or face the security-related consequences from the growing lawlessness and extremism there.

Notwithstanding the game of chicken currently being played between the North and the South, it is the developing world that is likely to bear the brunt of climate change because it has a larger concentration of hot and low-lying regions and lesser resources to technologically adapt to climate change. The poorer a country, the less it would be able to defend its people against the climate-change effects, which would potentially include more-severe storms, the flooding of tropical islands and coastlines, higher incidence of drought inland, resources becoming scarcer, and a threat to the survival of at least one-fourth of the world's species. While the overriding interest of developing countries is still economic growth and poverty eradication, climate change can actually accentuate poverty. In fact, when rural economies get weakened, livelihoods are disrupted and unemployment soars, frustrations and anger would be unleashed, fostering greater conflict within and between societies.

Potential water wars

Two major effects of climate change are beyond dispute: (i) declining crop yields putting a strain on food availability and prices: and (ii) decreased availability and quality of fresh water owing to accelerated glacial thaw, flooding and droughts. The second factor can only compound the first. In fact, water, food and energy constraints can be managed in inter-state or intra-state context through political or economic means only up to a point, beyond which conflict becomes likely.

The likely impact on the availability of water resources is a critical component of the security-related challenges posed by climate change. Hundreds of millions of people in the world are already without access to safe drinking water. This situation would aggravate markedly if current projections of climate change come true. Accelerated snow melt from mountains and faster glacier thaw could deplete river-water resources and potentially drive large numbers of subsistence farmers into cities.

No region better illustrates the danger of water wars than Asia, which has less fresh water—3,920 cubic metres per person—than any other continent outside of Antarctica ...

No region better illustrates the danger of water wars than Asia, which has less fresh water—3,920 cubic metres per person—than any other continent outside of Antarctica, according to a 2006 United Nations report.⁶ This report states that when the estimated reserves of lakes, rivers and groundwater are added up, Asia has marginally less water per person than Europe or Africa, one-quarter that of North America, nearly one-tenth that of South America and twenty times less than Australia and Pacific islands. Yet Asia is home to 60% of the world's population. The sharpening Asian competition over energy resources, driven in part by high GDP growth rates and in part by mercantilist attempts to lock up supplies, has obscured another danger: water shortages in much of Asia are becoming a threat to rapid economic modernisation, prompting the building of upstream projects on international rivers. If water geopolitics were to spur interstate tensions through reduced water flows to neighbouring states, the Asian renaissance could stall.

As Asia's population booms and economic development gathers speed, water is becoming a prized commodity and a potential source of conflict. Climate change threatens supplies of this limited natural resource, with some Asian nations either jockeying to control water sources or demanding a say in the building of hydro projects on inter-state rivers. Competition over water is likely to increase political tensions and the potential for conflict. Water, therefore, has emerged as a key issue that would determine if Asia is headed toward mutually beneficial cooperation or deleterious interstate competition. No country would influence that direction more than China, which controls the aqua-rich Tibetan plateau—the source of most major rivers of Asia.

Tibet's vast glaciers and high altitude have endowed it with the world's greatest river systems. Its river waters are a lifeline to the world's two most-populous states—China and India—as well as to Bangladesh, Burma, Bhutan, Cambodia, Laos, Nepal, Pakistan, Thailand and Vietnam. These countries make up 47% of the global population.

Yet Asia is a water-deficient continent. The looming struggle over water resources in Asia has been underscored by the spread of irrigated farming, water-intensive industries (from steel to paper making) and a growing middle class seeking high water-consuming comforts like dishwashers and washing machines. Household water consumption in Asia is rising rapidly, according to the UN report, but such is the water paucity that not many Asians can aspire for the lifestyle of Americans, who daily use 400 litres per person, or more than 2.5 times the average in Asia.

The spectre of water wars in Asia is also being highlighted both by climate change and by man-made environmental degradation in the form of shrinking forests and swamps that foster a cycle of chronic flooding and droughts through the depletion of nature's water storage and absorption cover. The Himalayan snow melt that feeds Asia's great rivers could be damagingly accelerated by global warming.

... it is the potential inter-state conflict over river-water resources that should be of greater concern.

While intra-state water-sharing disputes have become rife in several Asian countries—from India and Pakistan to Southeast Asia and China—it is the potential inter-state conflict over river-water resources that should be of greater concern. This concern arises from Chinese attempts to dam or redirect the southward flow of river waters from the Tibetan plateau, where major rivers originate, including the Indus, the Mekong, the Yangtze, the Yellow, the Salween, the Brahmaputra, the Karnali and the Sutlej. Among Asia's mighty rivers, only the Ganges starts from the Indian side of the Himalayas.

The lopsided availability of water within some nations (abundant in some areas but deficient in others) has given rise to grand ideas—from linking rivers in India to diverting the fast-flowing Brahmaputra northward to feed the arid areas in the Chinese heartland. Inter-state conflict, however, will surface only when an idea is translated into action to benefit oneself at the expense of a neighbouring nation.

As water woes have aggravated in its north owing to environmentally unsustainable intensive farming, China has increasingly turned its attention to the bounteous water reserves that the Tibetan plateau holds. It has dammed rivers, not just to produce hydropower but also to channel the waters for irrigation and other purposes, and is presently toying with massive inter-basin and inter-river water transfer projects.

Chinese hydro projects on the Tibetan plateau are increasingly a source of concern to neighbouring states. For example, after building two dams upstream on the Mekong, China is building at least three more on that river, inflaming passions downstream in Vietnam, Laos, Cambodia and Thailand. Several Chinese projects in west-central Tibet have a bearing on river-water flows into India, but Beijing is loath to share information. After flash floods in India's northern Himachal Pradesh state, however, China agreed in 2005 to supply New Delhi data on any abnormal rise or fall in the upstream level of the Sutlej River, on which it has built a barrage. Discussions are still on to persuade it to share flood-control data during the monsoonal season on two Brahmaputra tributaries, Lohit and Parlung Zangbo, as it already does since 2002 on the Brahmaputra River, which it has dammed at several places upstream.

Having extensively contaminated its own major rivers through unbridled industrialisation, China now threatens the ecological viability of river systems tied to South and Southeast Asia in its bid to meet its thirst for water and energy.

The ten major watersheds formed by the Himalayas and Tibetan highlands spread out river waters far and wide in Asia. Control over the 2.5 million-square-kilometre Tibetan plateau gives China tremendous leverage, besides access to vast natural resources. Having extensively contaminated its own major rivers through unbridled industrialisation, China now threatens the ecological viability of river systems tied to South and Southeast Asia in its bid to meet its thirst for water and energy.

Tibet, in the shape and size it existed independently up to 1950, comprises approximately one-fourth of China's land mass today, having given Han society, for the first time in history, a contiguous frontier with India, Burma, Bhutan and Nepal. Tibet traditionally encompassed the regions of Ü-Tsang (the central plateau), Kham and Amdo. After annexing Tibet, China separated Amdo (the present Dalai Lama's birthplace) as the new Qinghai province, made Ü-Tsang and western Kham the Tibet Autonomous Region, and merged remainder parts of Tibet in its provinces of Sichuan, Yunnan and Gansu.

The traditional Tibet is not just a distinct cultural entity but also the natural plateau, the future of whose water reserves is tied to ecological conservation. As China's hunger for primary commodities has grown, so too has its exploitation of Tibet's resources. And as water woes have intensified in several major Chinese cities, a group of ex-officials in China have championed the northward rerouting of the waters of the Brahmaputra River in a book self-enlighteningly titled, *Tibet's Waters Will Save China*.

Large hydro projects and reckless exploitation of mineral resources already threaten Tibet's fragile ecosystems, with ore tailings beginning to contaminate water sources. Unmindful of the environmental impact of such activities in pristine areas, China has now embarked on constructing a 108-kilometer paved road to Mount Everest, located along the Tibet-Nepal frontier. This highway is part of China's plan to reinforce its claims on Tibet by taking the Olympic torch to the peak of the world's tallest mountain before the 2008 Beijing Games.

As in the past, no country is going to be more affected by Chinese plans and projects in Tibet than India. The new \$6.2-billion Gormu-Lhasa railway, for example, has significantly augmented China's rapid military-deployment capability against India just when Beijing is becoming increasingly assertive in its claims on Indian territories. This hardline stance, in the midst of intense negotiations to resolve the 4,057-kilometer Indo-Tibetan border, is no less incongruous than Beijing's disinclination to set up what it had agreed to during its president's state visit to New Delhi last November—a joint expert-level mechanism on interstate river waters.

Contrast China's reluctance to establish a mechanism intended for mere 'interaction and cooperation' on hydrological data with New Delhi's consideration towards downstream Pakistan, reflected both in the 1960 Indus Waters Treaty (which generously reserves

56% of the catchment flow for Pakistan) and the more-recent acceptance of World Bank arbitration over the Baglihar Dam project in Indian Kashmir. No Indian project has sought to reroute or diminish trans-border water flows, yet Pakistan insists on a say in the structural design of projects upstream in India. New Delhi gladly permits Pakistani officials to inspect such projects. By contrast, Beijing drags its feet on setting up an innocuous interaction mechanism. Would China, under any arrangement, allow Indian officials to inspect its projects in Tibet or accept, if any dispute arose, third-party adjudication?

If anything, China seems intent on aggressively pursuing projects and employing water as a weapon. The idea of a Great South-North Water Transfer Project diverting river waters cascading from the Tibetan highlands has the backing of President Hu Jintao, a hydrologist who made his name through a brutal martial-law crackdown in Tibet in 1989. In crushing protestors at Tiananmen Square two months later, Deng Xiaoping actually took a page out of Hu's Tibet playbook.

The Chinese ambition to channel the Brahmaputra waters to the parched Yellow River has been whetted by what Beijing touts as its engineering feat in building the giant, \$25-billion Three Gorges Dam on the Yangtze—a project that has displaced a staggering 1.4 million citizens. The Three Gorges Dam is just an initial step in a much-wider water strategy centred on the Great South-North Water Transfer Project. While China's water resources minister told a Hong Kong University meeting in October 2006 that, in his personal opinion, the idea to divert waters from the Tibetan highlands northwards seems not viable, the director of the Yellow River Water Conservancy Committee said publicly that the mega-plan enjoys official sanction and may begin by 2010.

The Brahmaputra (Yarlung Tsangpo to Tibetans) originates near Mount Kailash and, before entering India, flows eastward in Tibet for 2,200 kilometres at an average height of 4,000 meters, making it the world's highest major river. When two other tributaries merge with it, the Brahmaputra becomes as wide as 10 kilometres in India before flowing into Bangladesh.

The first phase of China's South-North Project calls for building 300 kilometres of tunnels and channels to draw waters from the Jinsha, Yalong and Dadu rivers, on the eastern rim of the Tibetan plateau. Only in the second phase would the Brahmaputra waters be directed northwards. In fact, Beijing has identified the bend where the Brahmaputra forms the world's longest and deepest canyon just before entering India as holding the largest untapped reserves for meeting its water and energy needs. As publicly sketched by the chief planner of the Academy of Engineering Physics, Professor Chen Chuanyu, the Chinese plan would reportedly involve using nuclear explosives to blast a 15-kilometre-long tunnel through the Himalayas to divert the river flow and build a dam that could generate twice the power of the Three Gorges Dam.

While some doubts do persist in Beijing over the economic feasibility of channelling Tibetan waters northwards, the mammoth diversion of the Brahmaputra could begin as water shortages become more acute in the Chinese mainland and China's current \$1.2 trillion foreign-exchange hoard brims over. The mega-rerouting would constitute the declaration of a water war on lower-riparian India and Bangladesh.

It is patently obvious that if water were to become an underlying factor in inter-state tensions in Asia, and increasingly a scarce and precious commodity domestically, water wars would inevitably follow. The water-related challenges also underscore the necessity for Asia

to adapt alternatives based on newer technologies and methods. Given that several Asian states will inescapably have to reduce their reliance on the natural bounty of the Himalayas and Tibetan highlands as temperatures rise and the glacier and snow melt accelerates, efficient rain-water harvesting will have to be embraced. The silver lining for the continent is that the rise in temperatures under enhanced greenhouse conditions is likely to bring more rainfall through the South-West and South-East Monsoon in the summer and the North-East Monsoon in the winter. The abundant monsoonal supply thus would need to be tapped through cost-effective technologies to provide a practical answer to the challenges arising from dwindling river waters.

Concluding observations

Climate change is not just a matter of science but also a matter of geopolitics. Without improved geopolitics, there can be no real fight against climate change. The growing talk on climate change is not being matched by action, not even modest action. Even as some countries have succeeded in shining the international spotlight on climate change, international diplomacy has yet to develop necessary traction to deal with the challenges of global warming.

At the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, 189 countries, including the United States, China, India and all the European nations, signed the UN Framework Convention on Climate Change, agreeing to stabilise greenhouse gases at a low enough level to prevent dangerous anthropogenic interference with the climate system. Yet, fifteen years later, no country has done that. US per capita greenhouse-gas emissions, already the highest of any major nation, continue to soar. A leaked Bush Administration report in March 2007 indicated that US emissions were likely to rise almost as fast over the next decade as they did during the previous decade. Now, renewed global efforts are on to reach yet-another agreement to do what the international community had promised to carry out fifteen years ago.

The Group of Eight (G-8) agreed in June 2007 to try and clinch a new global UN-sponsored climate change deal (to succeed or extend the Kyoto Protocol from 2013), but failed to agree on a timetable for cutting greenhouse gas emissions. The Kyoto Protocol, which went into affect in February 2005, expires in 2012. But while the G-8 leaders agreed to seek 'substantial' cuts in greenhouse-gas emissions and to give 'serious consideration' to the goal of halving such emissions by 2050, this is still at the level of just talk.

The important point to remember is that about twenty countries produce 80% of global CO₂ emissions. So you don't need all the 191 UN members on board to combat climate change. One way to build international consensus on this issue is to engage states whose CO₂ emissions share is 1% or more.

It is also important to note that CO₂ emissions are not exactly a function of the level of development. The United States, for example, belches twice as much CO₂ per capita as Japan, although the two countries have fairly similar per-capita incomes. The US Environmental Protection Agency admits that about 6.6 metric tonnes of greenhouse gases are emitted per person in America, easily placing that country No. 1 in the world in per-capita emissions.

Take the case within the United States: California has held its per capita energy consumption essentially constant since 1974, while per capita energy use for the United States overall during the same period has jumped 50%. Through a mix of mandates, regulations and high

prices, California has managed to cut CO₂ emissions and yet maintain economic growth. Now it is seeking to reduce automobile pollution, promote solar energy and cap its CO₂ emissions.

... a global climate policy alone will not solve the current climate crisis.

Yet another point to note is that a global climate policy alone will not solve the current climate crisis. Climate change indeed may be the wrong end of the problem to look at. Given that nearly two-thirds of the greenhouse-gas emissions are due to the way we produce and use energy, we need to focus more on alternate energy policies.

Unless we address energy issues, we won't be able to address climate change. Energy use, however, sustains economic growth, which in turn buttresses political and social stability. Today four-fifths of the world's energy comes from fossil fuels—coal, oil, natural gas. Until we can either replace fossil fuels with cost-effective alternatives or find practical ways to capture CO₂ emissions, the world would remain wedded to the fossil-fuel age. According to projections by the Paris-based International Energy Agency, total energy demand in the world is to rise 68% by 2030, with most of the increases occurring in developing countries. Reliance on fossil fuels would marginally rise from 80% in 2002 to 82% in 2030. Given this scenario, all states need to endeavour to reduce their energy intensity—the ratio of energy consumption to economic output.

The harsh reality is that the global competition over energy resources has become intertwined with geopolitics. This competition now is overtly influencing strategic thinking and military planning in a number of key states. China, for example, cites energy interests to rationalise its 'string-of-pearls' strategy, which aims to hold sway over vital sea lanes between the Indian and Pacific Oceans through a chain of bases, naval facilities and military ties. But if energy security has become a foreign-policy challenge, whether in Europe or in Asia or elsewhere, why shouldn't climate security similarly be made a foreign-policy issue?

If there is any good news on the climate-change front, it is the ongoing attitudinal shift in the world—from the United States to Australia, and from China to Brazil. A prerequisite to any policy shift is an attitudinal shift. In the coming years, the world hopefully will see policy shifting both at the national and international levels to help build climate security.

It should not be forgotten that the human mind is innovative. History is a testament to human civilisation successfully overcoming dire situations and warnings. It has averted, for example, the 'Malthusian catastrophe', put forward by Thomas Malthus in a 1798 essay. The thesis contended that population growth would outstrip the Earth's agricultural production, leading to famine and a return to subsistence-level conditions. Actually, with a lesser and lesser percentage of human society engaged in agriculture, the world is producing more and more food. If people are still going hungry, it is because of poverty. Another catastrophe was predicted by a 1972 Club of Rome study, titled, *Limits to Growth*, which examined the consequences on economic growth of a rapidly growing world population and finite resource supplies. Indeed, since the study was released, global economic growth, far from showing any limits, has continued to boom.

As a real and serious problem, climate change should be seen as challenging human ability to innovate and live in harmony with nature. In the past, the international community has indeed reached agreements on environmental challenges, such as the control of trans-boundary movement and disposal of hazardous wastes (the Basel Convention)⁷ and the phasing out of chlorofluorocarbons (the Montreal Protocol). The CFCs and other chlorine- and bromine-containing compounds have been implicated in the accelerated depletion of ozone in the Earth's stratosphere. The Montreal Protocol on Substances That Deplete the Ozone Layer, along with national-policy decisions, compelled industry and the scientific community to collaborate and develop safe alternatives to CFCs. That should inspire hope for international action on controlling greenhouse gases as part of a public-private partnership to create a Planet Inc. To propel such action and encourage industry to invest in alternate technologies, a mix of economic incentives and regulations are vital.

Endnotes

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IRAQ AND ITS IMPLICATIONS FOR MIDDLE EAST SECURITY

Leanne Piggott

I have just returned from the Middle East, where I spent my time on the Mediterranean side of the region, geographically far removed from the tyranny of violence that has plagued Iraq for decades and in particular for these past four years. Whilst the 2003 invasion successfully removed a brutal dictator, the new round of internecine violence that has been unleashed in that country—especially in the aftermath of the February 2006 destruction of Samarra's golden domed mosque—still has analysts guessing as to what will be the eventual outcome for this state, which, I should add, has just been ranked number two in *Foreign Policy's* 2007 failed state index.¹

I say I was geographically removed from Iraq, but I was certainly not geo-strategically or politically removed, as I was reminded on a daily basis that the social and political forces underpinning events in Iraq since 2003 are clearly having an effect on the rest of the Middle East. Examples include:

- the export of al-Qaeda cells and their brand of global *jihad* from the training grounds of Iraq to the Palestinian refugee camps in Gaza and Lebanon
- reports of an already weak Hashemite Kingdom of Jordan straining under the burden of providing shelter for over a million Iraqi refugees
- talk of 'capturing the moment' between Israel and an alliance of Sunni-Arab states to resuscitate the Israeli-Palestinian peace process in the face of a perceived growing Shiite crescent of power dominated by Iran
- most interestingly, the branding by Fatah spokesmen of Hamas politicians as 'Shiites' in the struggle between these two factions of the Palestinian nationalist movement for control of Gaza and the West Bank.

Today, the Arab Middle East and Iran constitute a region of weak states but strong regimes.

But it would be wrong to see all events taking place on both sides of the region today as intimately linked to Iraq. Events there may certainly have acted as a catalyst for many political and security currents, and they may help to explain the timing of some events. Yet underlying the responses to events taking place across the region today—and I would anticipate into the future—are inherently local factors. Today, the Arab Middle East and Iran constitute a region of weak states but strong regimes. Whilst the primary security challenges to a strong (developed) state come from external forces, weak (developing) states face a unique set of security challenges that originate primarily from internal sources. However, what weak and strong states have in common is that their ruling elites act consistently in response to events, both within and beyond their borders, in their own particular interest.

This was not always the case in regard to Arab states. In the earlier period of Arab state formation, in the 1950s and 1960s, pan-Arabism was a dominant focus of Arab states' foreign and domestic policies. Egypt, for example, referring to itself as the United Arab Republic, represented the way in which Arab politics were defined at that time. But the effort to project Arab power on the basis of a united front was dealt a crushing blow by the Arab defeat in the 1967 Arab-Israeli war. Since then, Arabism (also referred to as pan-Arabism) has been on a slow decline, while statism (acting in the interest of the nation-state) has risen to the fore as a regime priority and a focus of more popular identity. The Iraqi invasion and annexation of Kuwait in August 1990 was perhaps the last (failed) effort made by a Pan-Arab regional leader to challenge the Westphalian sovereign state system bequeathed to the region by European colonialism and the UN Charter.

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Using this weak state/strong regime framework of analysis, what I want to argue today is that, contrary to the views of most analysts and commentators on the Middle East, the entire region has not been significantly destabilised by the invasion of Iraq and subsequent events taking place there. There have been claims that some states in the region are now on the verge of collapse and will indeed collapse if the violence in Iraq spills over its borders. Jordan is often cited as a case in point. However, I will argue that whilst events in Iraq are having—and will continue to have—serious implications for Middle East security, further unsettling a region that is already chronically unstable, they do not represent an existential threat to any state. Likewise, the likelihood of armed conflict among regional powers as a direct consequence of events in Iraq is improbable at best.

Iraq

But before I go regional, let me begin with the first word in the title of my topic, 'Iraq'. As documented by copious reports, the present situation in Iraq is 'grave and deteriorating' with no apparent 'path that can guarantee success.'² Since the destruction of the al-Askariyya mosque in the Iraqi city of Samarra on 22 February 2006, sectarian violence and forced population transfers have accelerated. While some 34,452 civilians were killed in 2006 alone, an estimated 860,000 Iraqis became either internally displaced refugees, or fled to neighbouring states, mostly to Jordan and Syria.³

Against this background, it will be tough indeed to convince policy makers in Washington that the latest US military strategy to counter the insurgency in Iraq (the so-called 'surge') will lay the groundwork for turning the country around. In spite of early reports of moderate successes, the overall level of civil conflict, displacement, and sectarian and ethnic tension remains high, with no sign that the government of Nuri al-Malaki is making headway on critical issues such as the constitution and political reconciliation with the Sunni community. Accordingly, most analysts argue that the absence of a political breakthrough in Baghdad—coupled with mounting opposition to the war within the US—will lead to the majority of coalition forces being withdrawn from Iraq towards the end of the US presidential term next year. Although our Prime Minister has just challenged this possibility

in his speech this morning—stating that the coalition forces will stay the course in Iraq, and that they will remain there until the Iraqi security forces no longer feel the need to have them there—if it is the case that the senior coalition partner has the final say, then it is more likely that the withdrawal scenario will come to pass. If a full withdrawal does take place, it will surely leave a state on the brink of collapse at the heart of one of the world’s most strategically important regions.

It is no news to this audience that the challenges in Iraq are complex and that the principal challenge to stability is now sectarian conflict stoked by external state and non-state actors. The violence—which has been steadily increasing in scope and lethality in recent years—is occurring in a context of a Sunni Arab insurgency, Shiite militias and death squads, al-Qaeda, and widespread criminality. The situation is further complicated by the fact that some of these forces are acting as proxies for outside powers. This unpredicted aftermath of the 2003 US-led invasion is the direct result of pre-war miscalculations and failures to plan for post-war reconstruction. The result is a collapsing, or for some, already collapsed state, and what is a ‘complex mix of civil conflicts’, rather than a conventional civil war per se.⁴

The key groups involved in these civil conflicts are:

- the Sunni Islamist terrorist groups, of which al-Qaeda is the most visible, who seek to provoke a civil war between Arab Sunni and Shiite as part of a broader struggle for Iraq and Islam
- intra-Iraqi Sunni groups, including tribal elements in Anbar and elsewhere fighting against the dominance by al-Qaeda and other Islamist groups, but who do not have any clear alignment with the government in Baghdad
- Iraqi Sunnis versus Iraqi Shiites engaged in ethnic cleansing in Baghdad and surrounding provinces
- Iraqi Kurds, Arabs and Turkomans in the north of the country, who seek control of Iraq’s northern oil resources
- intra-Shiite factions who struggle for power in the south, including the Supreme Iraqi Islamic Council and the Office of the Martyr Sadr.

If Iraqi insurgents are going to be motivated to change their behaviour and reduce the level of civil conflict so as to ease the strain on US and Iraqi forces, progress on the political front is urgently required.

The failure to arrest the growing tide of violence has been matched by the failure of the elected Iraqi Government under Prime Minister al-Maliki to make any progress in state building, and more critically, in national reconciliation. Without the latter, any tactical victories on the battle field of counterinsurgency will end in failure. As Middle East analyst Anthony Cordesman argues, victory in Iraq requires ‘success in armed nation-building—a process that can extend over a decade or more—not simply the defeat of the most violent elements in an insurgency.’⁵

I will not dwell here on the key problems that still hinder positive political development in Iraq. I will only say that any level of success that the US might achieve through this latest 'surge' will ultimately prove ephemeral without the government achieving political unity, effective governance, and a nationalist ideology with more 'real world' impact than its extremist, sectarian and ethnic competitors. If Iraqi insurgents are going to be motivated to change their behaviour and reduce the level of civil conflict so as to ease the strain on US and Iraqi forces, progress on the political front is urgently required.

In the four years since regime change, the Sunni community has been hopelessly divided by competing tribal loyalties and has failed to produce a competent and popular political elite that could claim to speak for it.

In this respect, the Iraqi parliament needs to redouble its efforts on election laws, on legislation to distribute equitably Iraq's energy revenues, and on measures to deliver significant and sustained Sunni participation in the political process. Since being elected to power, sections of the al-Maliki government—which is dominated by the United Iraqi Alliance—have used their positions to pursue a sectarian agenda and exacerbate communal tensions. This has involved denying resources and government services to Sunni areas. In addition, the police force and Ministry of Interior remain highly politicised and have been guilty of acts of sectarian violence. Therefore, in order to drastically reduce the Sunni community's feeling that the Iraqi Government does not serve them, al-Maliki would have to act in a way that supports the claim that his government is sincere in its aim of ruling for the whole population, deploying its resources for the benefit of all. This would be a first in the history of Iraq. But for this to occur, the Sunni leadership must also contribute to the process. In the four years since regime change, the Sunni community has been hopelessly divided by competing tribal loyalties and has failed to produce a competent and popular political elite that could claim to speak for it. The hope is that provincial and local elections—scheduled over the next twelve months—might help to redress these deficiencies.

This assessment of the nature of the internal problems facing Iraq today, I should emphasise, is in no way an attempt to circumvent or underplay the role that the US played in unleashing them. Saddam Hussein artificially kept the lid on Iraq's fissiparous society by means of an appallingly brutal dictatorship. The US-led coalition removed the dictator and thereby lifted the lid. As former US Secretary of State Colin Powell once warned, 'If you break it, you own it', and the US did much of the breaking. Four years later, many analysts believe that the failure of the US to correct the tide of violence will eventually lead to the US and its coalition forces being driven from the country in defeat.

What, then, is the likely future of Iraq?

Attempting to assess the future of any country is an inherently difficult task. In a brave attempt to do so in regard to Iraq, I am very much indebted to Dr Toby Dodge who generously provided me a draft copy of his forthcoming monograph entitled, 'Possible Iraqi Futures'. In this paper, Dodge presents a set of future scenarios involving four broad alternatives, which he summarises as follows.

The first, and most optimistic, is that of ‘success’. In this scenario, the new counter-insurgency policy now underway will deliver sustainable stability. Increasing US troop levels to 160,000—and changing the way they are deployed in and around Baghdad—will result in a permanent reduction in violence. Under this new security umbrella, the Iraqi Government will be radically reformed to make it much more inclusive and efficient and less sectarian. This will result in sustained political engagement between the major sectarian and ethnic groups and the rebuilding of the Iraqi state.

The second scenario would arise if the surge fails in its objectives. In the early months of next year, if it became obvious that his new policy for Iraq is not working, President Bush would radically change tactics. This would involve attempting to fundamentally restructure the Iraqi Government, focusing greater power in the office of a single strong leader, either a civilian politician or a military officer. However this was explained to Iraqis—and to US and world opinion—it would, in effect, be a coup. Its main task would be to remove the power and influence of those political parties that now dominate the cabinet. The hope would be that such a drastic policy shift would result in a more centralised but less democratic government that could deliver stability. But if this change of policy were to take place it would result in greater politically motivated violence and a drastic reduction in government capacity.

With this in mind, the final two scenarios proposed by Dodge both involve the US accepting failure in Iraq and attempting to draw its troops down. The variable that distinguishes these two scenarios is the speed with which this policy would be enacted and the success it would have in leaving some degree of stability and Iraqi Government capacity in its wake.

Let me add two of my own possible scenarios. Not surprisingly there are conflicting views as to whether Iraqis want the US to cut and run. While public statements made recently here in Australia by the Iraqi Foreign Minister would suggest that the Iraqi Government, at least, does not want the US coalition forces to leave before security is restored to the country, competing messages from other high-ranking Iraqi officials suggest that stability will not be restored to that country until after all foreign troops leave and full-scale conflict erupts between Iraqis, at the end of which the winners will impose order. This scenario is perhaps another version of Dodge’s second scenario which sees the inevitable return of a strong man to rule in Iraq, but one that does not include the overt involvement of the US in determining who that strong man will be.

A final scenario worth mentioning is one presently being mooted in Washington concerning a possible strategic redeployment of the US and coalition forces from the centre of Iraq to the periphery and into neighbouring states such as Kuwait and Qatar. From these various vantage points, US forces could, with the right number of troops, limit the import and export of violence by state and non-state actors. If this proposal eventuates, it would seem sensible to locate sizeable forces in Kurdistan, Kuwait, and perhaps along the Iraqi-Jordanian border, while maintaining no-fly, no-drive zones along Iraq’s remaining borders with Iran, Syria and Saudi Arabia. The latter policy, you might recall, was highly effective following the 1990–91 Gulf War in protecting the Kurds in the north, as opposed to the policy of a no-fly zone only in the south, which did next to nothing to stop the brutal repression of the Shiite intifada by Saddam Hussein’s army in the wake of its defeat in Kuwait.

The impact of Iraq on Middle East security

In the meantime, what impact has Iraq had on the Middle East? A brief survey might include the following observations.

Like Afghanistan before it, Iraq provides an ideal training ground for jihadi terrorists from around the region, who, upon returning home, have the potential to empower local cells or establish new ones of their own, thus threatening to destabilise the internal security of those states. This so-called ‘blow-back effect’ accurately describes what happened in the 1990s when veterans of the Afghan insurgency against the Soviet Union returned to Algeria, Egypt and Saudi Arabia and worked to topple their governments. But in the wake of the conflict in Iraq, Arab governments have taken firm measures to prevent a recurrence of this threat. They have been vigilant about who is entering and leaving their countries, arresting anyone who raises suspicions. In 2006, the Saudis began constructing security fence along its 900 kilometre border with Iraq in an effort to keep militants out of the Kingdom.

Lebanon, unfortunately, has not been as successful, as recent events involving the group called *Fatah al-Islam* have shown. I should also note that terrorist acts within the states in the region remain a very real threat, as recent cases in Yemen reveal. But these threats, it must be emphasised, have their root causes in the pre-2003 period, and are primarily related to internal or local state factors.

Secondly, the civil conflict between Shiites and Sunnis in Iraq has led to growing friction between these groups in other Arab countries, a factor linked to the impact that the removal of the Ba’athist regime in Iraq has had on its Shiite neighbour, Iran.

Iran’s pursuit of a nuclear program in defiance of the International Atomic Energy Agency and the UN Security Council is also seen to be, at least in part, an outcome of Tehran’s pursuit of regional hegemony, now assisted by the removal of the menacing regime of Saddam Hussein.

Following the fall of the so-called ‘Sunni wall’—that of Iraq to its west and Taliban-ruled Afghanistan to its east—the Iranian regime has been dealt a freer hand to realise its long held foreign policy goals of exporting its Islamic revolution and achieving regional hegemony at the expense of its Sunni Arab neighbours across the Gulf. As a part of this policy, Iran is now in a position to manipulate ideological and sectarian forces in those countries to serve its own national interests. While the influence of Iran in the Iraqi arena is significant and well documented, neighbouring Sunni governments have also warned of an Iranian backed-Shiite ‘fifth column’ in their midst and have in turn used this as an opportunity to crack down on anti-government opposition groups. An example of anti-Shia rhetoric is provided by Egyptian President Hosni Mubarak who last year warned that ‘There are Shiites in all [the] countries [of the region], significant percentages, and Shiites are mostly always loyal to Iran and not the countries where they live.’⁶

Iran’s pursuit of a nuclear program in defiance of the International Atomic Energy Agency and the UN Security Council is also seen to be, at least in part, an outcome of Tehran’s pursuit of regional hegemony, now assisted by the removal of the menacing regime of Saddam Hussein. It is also driven by Iran’s weakness as a state. The Iranian president’s public statements denying the Holocaust and calling for or predicting Israel’s eradication

have increased speculation of a pending show down between these two regional powers. Although there is much speculation that Iran would use its nuclear weapons if it acquired them, this is very far from being a given. It is also beside the point in the short to near term. The immediate worry about a nuclearised Iran is that the combination of a weak state and nuclear weapons capability is almost invariably associated with chronically belligerent behaviour to make up for the state's internal deficiencies. This does not bode well for regional security.

Nor do statements by some Arab leaders of their interest in acquiring nuclear power as a source of energy—alarming in view of the fact that the region contains the largest known reserves of oil in the world. If Iran goes nuclear, it is more than probable that other countries in the region will follow suit, thereby creating what has been described as a 'Middle East in a cat's cradle of nuclear tripwires.'

Iran's new positioning in the region has also empowered its proxies, in particular Hizballah in Lebanon, the effects of which exploded in a war between it and Israel in June last year. Both parties are still recovering and, all reports suggest, preparing for the next round.

To counter the now often mentioned rise of the 'Shia Crescent'—stretching from Iran, across Iraq into Syria and Lebanon—Sunni Arab regimes have strengthened their alliance with the US and made behind-the-scenes overtures to Israel. The small Gulf states are feeling particularly vulnerable, both from their own populations and from the actions and rhetoric of their Persian neighbour. As a part of this re-alignment of states in the region, there is fresh talk of the need to renew the Israeli-Palestinian peace process. An initiative promoted in March this year by King Abdullah of Saudi Arabia might well receive momentum following the disengagement three weeks ago of Hamas in Gaza and Fatah in the West Bank and the appointment last week of Tony Blair as the Quartet's new Middle East envoy. But don't hold your breath.

Fearful of an empowered Kurdish population on its border that might reignite the conflict with its own Kurdish population, Turkey has threatened intervention if Iraqi Kurds pursue an independent state.

Close by, Turkey has also increased its interest in Middle Eastern affairs, particularly in relation to the Kurds of northern Iraq. Fearful of an empowered Kurdish population on its border that might reignite the conflict with its own Kurdish population, Turkey has threatened intervention if Iraqi Kurds pursue an independent state.

Russia's political and economic resurgence in the last five years is a further critical and highly under-rated factor. Although the ideological competition of the Cold War years is a thing of the past, Russia under Putin is determined, for nationalistic reasons, to reclaim its former status as a major international player. The dynamics, so far as the Middle East is concerned, are eerily familiar. Russia, like the Soviet Union before it, sees Syria and to a lesser extent Iran as highly useful allies of convenience to counter the global pre-eminence of the US, and as proxies for advancing Russia's own historic ambitions in the region.

And finally, another critical factor that has not received enough attention has been the impact of the conflict in Iraq on neighbouring countries due to the significant influx of Iraqi refugees. Jordan is struggling under the strain of over one million Iraqis while a similar number have also found refuge in Syria, and smaller numbers in Lebanon and Iran. In the case of Jordan, an unanticipated effect has been the impact on its economy of the vast amounts of money that the wealthy among the refugees have brought with them. The inflow of funds has stimulated demand, creating new jobs, but also resulting in a rise in the general cost of living and pricing Amman real estate out of the reach of the average Jordanian. I was in that city last April and there was not one area I visited where there was not some form of construction going on. Any increase in refugee numbers will exacerbate these trends.

Implications for Middle East security

So what implications might all of these factors have on Middle East security in the future? Well, it's no news flash that the Arab states continue to be in deep crisis, politically, socially and economically. Most have, at least so far, missed the boat of globalisation. They are suffering from a leadership vacuum and they are in no position to determine the regional agenda. Former centres of power—Cairo, Riyadh, Baghdad and Damascus—are way past their prime.

But this process was not due to the US invasion of Iraq and all that has followed. The decline of Arab state power in the Middle East has been occurring over a number of decades in the wake of their failure to develop politically and economically beyond the rentier state model of the oil producing states, or the command economy model of states such as Syria. But while the majority of states in the Middle East are weak—and therefore susceptible to further weakening by the impact of events in Iraq—there is no sign that the authoritarian regimes that rule this region have been in any way seriously threatened.

Thus whilst most states in the region remain weak—especially in regard to infrastructural capacity, social consensus, and economic and human development—the coercive capacity of the Arab and Iranian regimes remains strong, indeed one might say 'over-developed'.

An important point to understand in this context, when considering 'the state of the State' in the Middle East, is that the region remains part of the so-called developing world, made up of states that are very much still 'in the making'. It is often forgotten that they only gained independence in the aftermath of World War II—some not until the 1970s. In the majority of cases (Israel is an exception), states in the region exhibit the classic characteristics of developing, and in some cases, weak states. These include weak institutions and civil society, a constricted economy and private sector, a low rate of identification with the concept of the state, protracted social conflicts, an absence of the rule of law with a concomitant poor record on human security, and a lack of regime legitimacy due in part to governments representing narrow sectarian interests rather than a broad national consensus on national security.

However, unlike other developing regions of the world, such as Africa, Middle Eastern regimes, in the process of protecting those sectarian or family interests, have succeeded in developing a considerable monopoly over the use of coercion by way of excessive military budgets and oppressive state police forces. Their internal security forces—the *mukabarat*—are considered among the most effective, if not brutal, in the world today, as Amnesty International, Human Rights Watch and other NGOs have reported over many years. Thus whilst most states in the region remain weak—especially in regard to infrastructural capacity, social consensus, and economic and human development—the coercive capacity of the Arab and Iranian regimes remains strong, indeed one might say ‘over-developed’. As a result, although state legitimacy and institutions are weak, the states themselves—and their ruling regimes—are under no existential threat, irrespective of their location in relation to Iraq.

Indeed, when one reflects back on the history of state formation in the Middle East, although many regimes have come and gone, the state itself—an alien colonially-imposed model of identity and rule—has remained remarkably resilient. Even in the wake of events in Iraq over the last four years, I do not detect any other Middle East state on the brink of collapse, with the possible exception of Yemen, for entirely internal reasons. Lebanon is challenged, but I’m yet to be convinced that it will not pull itself back from the precipice. Lebanon’s major internal groupings have too much to lose to allow it to disintegrate. I also doubt that Jordan will ever again face the challenges to its future as a state as it did back in September 1970, when Yasser Arafat’s Palestine Liberation Organisation attempted to overthrow the kingdom to replace it with a Palestinian state, an event that was supported by an invading Syrian army.

It would appear, therefore, that all parties concerned—and to this list I would include the Shiites in Iraq and their co-religionists in Lebanon—have a vested interest in the preservation of their respective states, including Iraq.

It would appear, therefore, that all parties concerned—and to this list I would include the Shiites in Iraq and their co-religionists in Lebanon—have a vested interest in the preservation of their respective states, including Iraq. Whilst it is clear that states such as Saudi Arabia, Iran and Turkey are heavily involved in Iraq, seeking to influence political developments and to prevent rival regimes from gaining the upper hand there, they do not need to intervene militarily to achieve these aims. Nor do most Arab armies have the capacity to project power beyond their own borders. They are geared instead towards the protection of their own regimes.

Further, regional leaders have seen things go badly for the US in Iraq since 2003 and noted the domestic political price being paid by the US Government. They have no desire to follow this example. For the leaders of Saudi Arabia and Egypt, too, there is an additional lesson from the failure of US policy in Iraq: autocratic regimes in the Middle East have been given a reprieve from the pressure to democratise, as long as they position themselves on the ‘right’ side in the Global War on Terror.

As for Iranian intentions, the regime has thus far shown a preference for pursuing its interests through proxies, rather than through direct confrontation. While Tehran is able to maintain access to and influence over powerful Shiite militias in Iraq, a conventional cross-border military attack is unnecessary, and potentially counterproductive, from the Iranian leaders' perspective. Indeed, recent events within Iran, including the riots that followed petrol rationing some weeks ago, indicate that the projection of Iran's new-found regional power might well have limits imposed by its need to control its own domestic population.

One possible qualification to my contention that other states will not intervene militarily in Iraq is the possibility of a conflict between Turkey and the Kurdish Regional Government. Turkey, unlike its neighbours, is not a weak state and it has a history of military intervention in neighbouring countries. Its perception of the threat posed by a successful neighbouring quasi-state in Kurdish Iraq may be ridiculously and purposely exaggerated, but it is very real.

However, more generally—and I will conclude with this point—the Middle East is a region long familiar with inter- and intra-state tensions and violence. Throughout the half-century of state formation, local regimes have developed a form of resilience against subversion which has acted as a check against regional instability by allowing them to contain civil strife and prevent local conflicts from enveloping the entire neighbourhood. Thus over a relatively short span of history, Middle Eastern regimes have found ways to contain and manage protracted inter- and intra-state conflict and to ensure their own survival. Regrettably, the cost has been entrenched domestic stagnation and the systematic violation of the human rights of their citizens.

So this is both a good and a bad news story. The good news is that I don't see the likelihood of the region falling prey to widespread violence and instability in the continuing wake of the Iraq war. The bad news concerns the human dimension of security for the people of the Middle East. My hope for those who have suffered most—the Iraqi people—is that the future of their country conforms as closely as possible to the scenario of 'success'.

Endnotes

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Session Two—Security instruments and arrangements

THE UNITED NATIONS AND INTERNATIONAL CRISIS MANAGEMENT

Abiodun Williams

I have been asked to speak today about ‘The United Nations and International Crisis Management.’ Although the word ‘crisis’ does not appear in the UN Charter, maintaining international peace and security is the Organisation’s fundamental mission, and the United Nations is constantly involved in crisis management—tackling multiple, simultaneous crises on several continents.

Experience has taught us that we must not wait passively for crises to erupt, but tackle the root causes of political violence, relying first and more effectively on cooperative methods, and reserving more coercive ones for extreme necessity. We need systems of governance that promote free expression and social justice, while protecting civil liberties and minority rights. And we must address the gross inequality of opportunity, which so deeply divides people in different parts of the world—and sometimes, in different parts of a single country.

In recent years, the United Nations has started giving more attention to prevention and trying to approach it more systematically throughout the UN system.

In recent years, the United Nations has started giving more attention to prevention and trying to approach it more systematically throughout the UN system. The Secretary-General’s 2001 report on the prevention

of armed conflict initially got buried in the rubble of 9/11, but ultimately re-surfaced to become quite influential.¹ There is increasing use of UN fact finding and confidence building missions, and a growing number of reports by the Secretary-General on potential conflict situations. The UN's funds and programmes are undertaking work at the country level to address the underlying sources of violent conflict through long-term, structural prevention.

There is no doubt that early preventive action is less costly in human and financial terms than post-conflict enforcement and reconstruction.² Yet one of the persistent challenges of conflict prevention is obtaining sufficient political support and resources from Member States to undertake timely preventive action where it is needed.

Our post-war international institutions, including the United Nations, were designed to deal with deadly conflict between states. However, in recent decades internal conflicts, ethnic cleansing and acts of genocide have posed the most serious threats to global peace and security. The Organisation is still trying to come to grips with this reality. At the 2005 World Summit all Member States, after intense inter-governmental debate, accepted clearly and unambiguously the collective responsibility to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity. The responsibility to protect has been accepted in principle, but if it is not applied in practice this would ultimately undermine the credibility of the United Nations.

The United Nations is facing a dramatic surge in peacekeeping, presenting opportunities for the international community to help achieve peaceful solutions to conflicts, but also stretching the Organisation's capacity.

Although peacekeeping was not envisaged by the framers of the Charter, it has come to be a main instrument by which the Security Council deals with threats to international peace and security. It is also one of the most demanding and visible aspects of the Organisation's crisis management work. The axiomatic pre-requisites for successful peace operations are well known: each operation should have an achievable mandate, the cooperation of the parties, proper resources to do the job, and the political will of the Security Council to see the job through.

The United Nations is facing a dramatic surge in peacekeeping, presenting opportunities for the international community to help achieve peaceful solutions to conflicts, but also stretching the Organisation's capacity. This presents great challenges in terms of securing troops, identifying appropriate personnel to deal with complex peace missions, including francophone civilian police, and above all mobilising the necessary political and economic support. In 1997 the United Nations had less than 13,000 troops in the field. Today more than 100,000 men and women serve in eighteen peace operations in the most difficult places in the world. The UN peacekeepers are the second-largest international deployment of soldiers in the world after that of the US. The annual budget for UN peacekeeping has increased from approximately \$1 billion in 1997 to about \$5 billion today.

The recent surge in peacekeeping activity brings with it a growing and challenging volume of support demands. The Department of Peacekeeping Operations (DPKO) is better supported and staffed than it has ever been. Even so, the Department remains a startlingly lean organisation by many standards. The Headquarters to field staff ratio remains well below 1:100. Unlike NATO, the UN does not have the sort of staff headquarters to support these operations. The surge has come at a cost. Few current missions enjoy the full degree of Member State and DPKO senior management attention that is ideally required, particularly in terms of reflection and review of strategy, policy, and effective public communications.

This is why the Secretary-General on taking office made proposals aimed at strengthening the capacity of the Organisation to manage and sustain peace operations.

On 29 June 2007 the General Assembly approved the proposals which include a restructuring of the Department of Peacekeeping Operations; the establishment of a separate Department of Field Support (DFS), headed by an Under-Secretary-General; a major augmentation of working-level resources in both Departments and in other parts of the Secretariat; and new capacities as well as integrated structures to match the growing complexity of mandated activities. The approved reform package has been carefully crafted to ensure that the two Departments, DPKO and DFS, will work in harmony, so as to provide unity of command, coherence in policy and strategy, and operational efficiency, while promoting the overall effectiveness and oversight of peacekeeping operations.

When the Security Council has decided to establish a peace mission it is vital that the various components—military, civilian police, civilian staff arrive swiftly—even if the early arrivals are only temporary. As Ford observed in Shakespeare's 'The Merry Wives of Windsor', 'Better three hours too soon than a minute too late.' Member States need to take measures to ensure the rapid recruitment and deployment of competent military personnel and police. It is perhaps an inescapable reality that Member States are not willing to provide the organisation with standing international military forces. However, the 2005 World Summit encouraged development of additional capacity in a key area by endorsing creation of a 'standing police capacity' for peacekeeping operations.

The quantitative challenges posed by the surge in activity are only part of the story. The demands have become qualitatively more complex. In the first generation of surge in activity immediately following the end of the Cold War, 'successful' peacekeeping operations deployed to Namibia, Cambodia, El Salvador and Mozambique with a comprehensive peace settlement in place. The P-5 provided united support. The belligerents were limited in number, easily identifiable, and relatively cohesive. International troops were largely self-sustaining. The areas of deployment were limited in size. And mandated peacekeeping tasks were relatively limited, focused on the transfer of state power.

The circumstances now present in the Sudan, the DRC (the size of Western Europe), Côte d'Ivoire, Haiti and elsewhere are infinitely more complex. We are mandated to assist complex state-restoration and building processes after decades of conflict. The peace agreements we are tasked to implement do not enjoy universal participation and support. The number of local factions proliferates rapidly within a constellation of shifting alliances, uncertain allegiances and lucrative opportunities for economic gain. The honeymoon effects of the end of the Cold War have been replaced with strains on the international system exacerbated by divisions over the Iraq war, responses to the 'Global War on Terror', and increased competition for scarce energy resources and global markets.

In recent years there has been significant progress in cooperation between the United Nations and regional organisations.

The growing number of peacekeeping missions makes effective partnerships in international crisis management essential. In recent years there has been significant progress in cooperation between the United Nations and regional organisations. Indeed, the UN Charter envisaged that regional organisations had an essential part in the world's peace and security arrangements, but that these organisations should act within the framework of the Charter. The United Nations and the European Union have cooperated in the hand-over of responsibilities from the UN International Police Task Force to the EU Police Mission in Bosnia and Herzegovina; and in July 2003, at the Security Council's request, Operation Artemis, a French-led EU force was deployed in the Democratic Republic of the Congo and stabilised the situation in Bunia, Ituri province. The UN Mission in Kosovo (UNMIK) has worked closely with NATO, the European Union, and the OSCE. The UN has also made marked progress in cooperating with the African Union in Sudan, in Western Sahara, in Burundi, in Cote d'Ivoire, and in Ethiopia and Eritrea. Greater cooperation with regional organisations lightens the burden of the United Nations and contributes to a deeper sense of participation among organisations involved in international affairs.

The role of the Security Council in UN crisis management is critical. The UN Charter confers on the Security Council primary responsibility for the maintenance of international peace and security. The Council has been able to achieve much in the decades in which it has been involved in international peacekeeping. The Council has shown remarkable readiness to think creatively regarding its responsibilities and role—what it does, and how it does it. It has moved far beyond the interposition missions that are now seen as 'traditional operations', to mandate multidimensional operations and even 'transitional administrations'. And the Council now sends missions to the places where it deploys troops.

The Council is a dynamic institution. It has adapted to rapidly changing priorities in the post-Cold War era. Civil conflicts, terrorism, weapons of mass destruction and other cross-cutting threats now feature on its agenda, alongside specific disputes. As a result of all these changes, the Council has moved from roughly one decision per month to one per week.

This said, the outmoded composition of the Council threatens its legitimacy and effectiveness. If the Security Council is to be a stronger instrument for crisis management, and increase its ability to garner the widest possible support for its decisions, then it must be more broadly representative of world power and the realities of our times. We need an expanded, more representative and thus more legitimate Council, appropriate for the 21st century.

Security Council reform was an important element in the 2005 reform process. The Secretary-General's High-level Panel on Threats, Challenges and Change proposed two models for the enlargement of the Security Council. The first model (Model A) proposed that six new permanent seats should be created, but with no veto being created, and three new two-year term non-permanent seats. The new permanent and non-permanent seats, when added to the existing composition, would produce a Council membership having six seats

allocated equally among four major regions: Africa, Asia and the Pacific, Europe and the Americas. The second model (Model B) provided for no new permanent seats but would create a new category of eight four-year renewable-term seats and one new seat having the usual two-year term. Again, these additions would produce a membership that was evenly divided amongst the major regions.³

The Secretary-General endorsed the two models proposed by the High-level Panel in the *In Larger Freedom Report* 'or any other viable proposal in terms of size and balance that have emerged on the basis of either model.'⁴ Despite several months of arduous diplomatic negotiations Member States could not reach agreement on Security Council reform.

The prevailing view among the membership is that Security Council enlargement is needed but there is still no agreement on how this might be achieved. It is clear that none of the earlier models and proposals will allow the membership to reach the consensus necessary to unblock the process. There is growing interest in and openness to a transitional or interim arrangement which would include a built-in mandatory review at a predetermined date to assess its adequacy.

Almost as important as the reform of the Council's membership is the reform of its working methods and procedures. There is a need to improve accountability and transparency, and increase the involvement of States not members of the Council in its work.

Reforming the Security Council is a major challenge confronting the United Nations. Agreement has proved even harder to achieve than widely expected, but the Organisation requires clarity on this issue. The confidence of all Member States in the UN's collective security system will be far greater once this issue is properly addressed. Moreover, a more interventionist Security Council cannot afford to remain unreformed.

International crisis management is also one of the main responsibilities of the Secretary-General. Article 99 of the UN Charter confers upon the Secretary-General the right—unprecedented in previous international organisations—to 'bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security.' It forms the basis of the Secretary-General's political role and gives, in the words of the second Secretary-General, Dag Hammarskjöld, 'by necessary implication, a broad discretion to conduct inquiries and to engage in informal diplomatic activity in regard to matters which may threaten the maintenance of international peace and security.'⁵ Secretaries-General, however, rarely invoke Article 99 directly.

Good offices and mediation by the Secretary-General often occurs discreetly, behind the scenes, and is aimed at persuading political leaders to seek compromise over conflict. Different Secretaries-General have approached this task in different ways within the limitations of the office. But each of them has used the unique moral authority of the office of Secretary-General in carrying out the role of the world's chief diplomat. The greater the confidence of the Security Council, and the broader membership in the Secretary-General, the greater latitude the Secretary-General has in carrying out his political role. On a number of occasions in the last decade, the Secretary-General's good offices provided a forum for negotiation. The previous Secretary-General used his good offices in facilitating the Israeli and later Syrian withdrawal from Southern Lebanon; in getting Indonesia to agree to an international security presence to stem the violence in East Timor following the vote on independence; and in getting Nigeria and Cameroon to take steps towards the final resolution of their border dispute over the Bakassi Peninsula.

As the Secretary-General's High-level Panel on Threats, Challenges and Change underlined, the demand for UN good offices and mediation has 'skyrocketed'.⁶ The Secretary-General often delegates this task to his Special and Personal Representatives. Through imagination, ingenuity and personal experience, talented envoys have achieved notable results in many cases. However, in spite of the broad range of UN good offices, there has not been until now a central repository of experiences and lessons learned that could be applied in the future. Moreover, the Organisation lacks any solid system of selecting and training its mediation teams for supporting the missions of special envoys. This is why the 2005 World Summit agreed to strengthen the Secretary-General's capacity for mediation and good offices. The recently-established Mediation Support Unit in the Department of Political Affairs is intended to do just that by: providing support to envoys in the field; serving as a repository of lessons learned; and selecting and training mediation teams for supporting missions.

The challenge is to achieve continual improvements in every aspect of crisis management: from prevention to peacekeeping; from mediation and good offices to conflict resolution.

The role of the United Nations in international crisis management is more important than ever. But it is clear that we must do better. The challenge is to achieve continual improvements in every aspect of crisis management: from prevention to peacekeeping; from mediation and good offices to conflict resolution.

Endnotes

- 1 See United Nations, General Assembly, *Report of the Secretary-General on the Prevention of Armed Conflict*, UN Doc A/55/985-S/2001/574 (New York: United Nations, 7 June 2001).
- 2 See, for example, Abiodun Williams, *Preventing War: The United Nations and Macedonia* (Lanham, MD: Rowman and Littlefield, 2000).
- 3 See the Panel's report, 'A More Secure World: Our Shared Responsibility' UN Doc A/59/565 (1 December 2004), para.251.
- 4 'In Larger Freedom: Towards Development, Security and Human Rights for All', UN Doc A/59/2005 (21 March 2005), para.170.
- 5 Dag Hammarskjöld, 'The International Civil Servant in Law and in Fact', in *The Servant of Peace: A Selection of the Speeches and Statements of Dag Hammarskjöld*, ed. W. Foote (London: The Bodley Head, 1962, p.335.
- 6 See 'A More Secure World: Our Shared Responsibility' A/59/565 (1 December 2004).

TRENDS IN SECURITY RELATIONSHIPS AND THE USE OF FORCE: AN AUSTRALIAN PERSPECTIVE

Rod Lyon

I have to admit the topic for this afternoon's presentation, 'Trends in security relationships and the use of force: an Australian perspective', is dauntingly large. There are some major strategic issues surrounding both the future of security relationships and the future use of force, so I shall try to touch on most of those issues during the time available. I shall also be giving you, as the title says, *an* Australian perspective, rather than *the* Australian perspective, because I don't think there is one perspective, either at the official or unofficial level.

Let me start with a particular theme that I would like to rehearse during the presentation: that security relationships and defence forces are essentially instruments of strategic policy. Like other sorts of instruments in the world, they are more or less useful depending on what it is you want to do with them. Ice-axes, for example, are useful in a certain context, but have almost no use in another context. Knitting needles are the same. So when we talk about security instruments, we should talk first about what we want the security instruments to do. This is true regardless of whether we are talking about defence forces or security partnerships. Well-designed security relationships fit their purpose, and when we make judgments now about the utility of our relationships we are really making judgments about the level of 'fit' between the security instrument and the environment in which it operates and the challenge we ask it to meet. I think in recent years we have made some useful progress in rethinking the role that security partnerships play in Australian strategic policy. We have also started to reconsider—although more uncertainly—how force might be used in relation to the particular challenges of the 21st century. In short, I think we're doing better at coping with what security partnerships might look like in future and we're doing worse at thinking about how to use force in the changing strategic environment.

But having given you that brief snapshot of where I want to go, let me set off by saying that broadly since the end of the Cold War, and in particular since 11 September 2001, we've seen growing uncertainty about whether the old legacy security partnerships that Western countries established during the Cold War days would remain effective instruments for managing a transformational security environment. That debate was strongest inside NATO. You can find analysts writing about NATO in which they're talking about the likely death of NATO from friendly fire, about NATO as a 'shape shifter', about NATO undergoing a process of transformation. Paul Cornish, who spoke at this conference last year, is one of those people who argue that NATO is undergoing a period of transformation—in terms of its move out of area, in terms of the functional responsibilities that it tries to address, and even in terms of its adoption of a range of soft power techniques such as post-conflict reconstruction for managing modern security challenges.

In ANZUS we've also had, albeit in a slightly softer voice, a similar sort of argument about the extent to which our alliance needs to evolve to match the changing security environment. And even the publications that have come out of the Australian Department of Defence now seem to acknowledge the need for the alliance to be more responsive to changing times. See, for example, the report on ANZUS, 'Founded in history, forging ahead', available

on the department's website. This pressure for change is driven primarily by the need to fit the instrument to the environment. US analyst Daniel Byman has written that essentially what we're all doing is remaking our legacy alliances for the War on Terror, and central to that remaking is not just a shift in the relative importance of various partners, but a new set of tasks for alliance members.

Now, when we turn to the academic literature to try to get some guidance about how best to redesign security partnerships, indeed, when we go away and search the academic databases for information on security partnerships at all, invariably we end up reading about alliances. Alliances are things that we know well. And they appeal to academics because they contain an inbuilt 'test' of their own reliability: did the allies actually fight together when they said they would? But security partnerships come in a variety of forms, and that's a lesson that has been pressed onto us by the events of September 11, and all the subsequent talks of 'coalitions'. Partnerships cover a spectrum: at one end of that spectrum, we might see a one-off idiosyncratic form of security cooperation and at the other end of the spectrum, we might see an alliance that has a fully integrated military force that trains together, equips itself with common equipment and fights together when security challenges arise.

As I said, the academic literature is rather narrowly based. It focuses heavily upon alliances and so focuses up one end of that possible spectrum of security cooperation. Even then the literature tends to focus most on how countries choose allies, how reliable their allies are, and how long alliances endure. The bulk of research is Eurocentric. Few studies look at patterns of security cooperation in those areas of the world, like the Middle East, south Asia and Africa, where the War on Terror might actually be at its hottest. Moreover, almost all the alliance research details how well alliances work in what we might call a Westphalian security environment; that is one where the primary threats concern interstate conflict. Few studies look at the possibility of alliance partnerships that include non-state members, even though the initial attack on Afghanistan after 9/11 did seem to feature some sort of strategic partnership between the United States and the Afghan Northern Alliance, for example. And few studies look at alliances that are invoked to counter non-state adversaries, even though ANZUS has been in exactly that position since September 2001.

All this suggests we need to think about security partnerships in a broader and more fundamental way. We've become much too narrow in our thinking on this important subject. In essence, if we accept that we are in a radically different security environment, we should be rethinking the key questions of alliance politics, asking different questions about the suitability of current structures and the advisability of new ones, and perhaps answering those questions differently from how we would have answered them in earlier days. If we were to adopt the model that Glenn Snyder takes in his classic text *Alliance Politics*, we should be reconsidering the big questions of why we partner, with whom, and how partnership payoffs are to be divided. I think the good news for international relations academics is there is a fruitful field of work here for some years to come.

I started by saying that I thought security partnerships were an instrument that needed to fit the environment. What we do know from academic research—essentially the research by Brett Ashley Leeds and her colleagues—is that a good indicator of alliance reliability is in fact whether or not the conditions in which the alliance was initially formed have changed. So let me revisit at this point the issue about fit. How much have the conditions changed from those within which our alliances were initially constructed? Well, what do we know about the current security environment?

At both the regional and the global levels, we face security orders that are stranger than strange. At the global level, the power distribution in the world is something like unipolarity. Now, unipolarity is a contested term, so I'll settle for hyperpowerdom if it makes people feel more comfortable, but one power dominates the globe. Unipolarity, or hyperpowerdom, is a rare form of international power distribution. We have almost no useful academic models of it. We can tell you almost nothing from academic studies about how long conditions of unipolarity usually last, nor much about those factors that strengthen or weaken the unipolar power's role in shaping the world.

US hegemony in the Asia–Pacific as a security order is yielding to a more multipolar structure in which the rising Asian powers will become more important poles.

But unipolarity is under attack, and it's under attack not from another rising great power but from a non-state actor. It's under attack from catastrophic terrorism. And let me tell you that catastrophic terrorism is a rare form of terrorism. So a rare form of power distribution is under attack from a rare form of terrorism. That's the global level. If we could simply worry about the global level security threats, we would still have a challenging exercise on our hands. But there's a regional level power contest that's also going on. US hegemony in the Asia–Pacific as a security order is yielding to a more multipolar structure in which the rising Asian powers will become more important poles. Those poles don't yet feature at the global level; they are 'regional poles' if I can call them that. Because of the global condition of unipolarity, it's possible that those regional poles will become more important poles within the existing structure—within the current regional 'tent', so to speak. So there's a regional-level power shift here in which we also have strong interests. Overall, the big picture is one of a global order that's beyond strange and a regional order that's characterised by looming power transition and the sound management of that transition.

Now these are not trifling matters. These are first-order questions about the shape of the future security environment. And then you come to the question of how you fit a security partnership into that environment. What role does it have? How does it contribute to the particular objectives? At the level of global order, Australians already have a security partnership—ANZUS—that bears on global threats, but what's the likely form of the strategic contest? The contest is between the very strong and the relatively weak. It's a contest between the secular and the religious, a contest between a unipolar state and a non-state actor, a contest between a mass understanding of warfare that we inherited from Napoleon and a demassified understanding of warfare in which nineteen people capture some aeroplanes and fly them into skyscrapers. So finding the security partnership that gives you leverage on the threat means you have to think about what you want the security partnership to do.

I think the partnerships that we build to cope with the challenges of asymmetric warfare have to be not merely agile, but novel. In the days of interstate warfare the primary driver of security partnerships was in fact power coagulation, really because war was about mass in the Napoleonic model, partnerships that increased mass or that increased power, that were power increments, that was the basis of what security partnerships were like for the

last 200 years. But if we look now at what security partnerships are like in an asymmetrical contest, what's the point of doing a power increment? The big party already outweighs the small party by such a factor that outweighing them more wouldn't actually determine the outcome. What we need is a security partnership that enhances our ability to determine the outcome. Maybe we need smaller partners rather than bigger ones.

I mean, in an asymmetrical contest if a dog is at war with a flea, the dog is not going to cope better with the flea by becoming a bigger dog. He would simply have more territory to defend with the same blunt instruments—claws and jaws—that actually can't get much leverage on the flea. So what we need in asymmetrical security contests are security partnerships that give us greater capacities to counter those smaller war-making units which can make our lives miserable. Maybe some of our most important security partners at the global level will be non-state actors. Maybe some of our security partners will be those who give us greater access into the world from which the demassified war fighting unit arises. So we have to think creatively about how we use partnerships to get to the core of the problem.

I think there are arguments in Australian society about how much we ought to 'fiddle' with ANZUS, because ANZUS is a central pillar of our security and we don't want to ruin it while trying to give it the excess leverage that we would like to see it have.

For ANZUS what does this mean? Well, how do we take an alliance that was built in an age where the key security challenge was revisionist great powers and reshape that alliance so it's got capacity to pick up a radically different security challenge. Moreover, we can't completely ignore the traditional threat: we might still have great power revisionist threats somewhere in the future, so we don't want to change completely the nature of our alliance, but we want to extend it in ways that give us leverage against a different sort of security threat. I think Australians are feeling their way along the wall on that sort of requirement. I think there are arguments in Australian society about how much we ought to 'fiddle' with ANZUS, because ANZUS is a central pillar of our security and we don't want to ruin it while trying to give it the excess leverage that we would like to see it have.

I think also at the global level we need to be more willing to partner with new partners. Sometimes those new partners might be non-state actors, but they would certainly include moderate Muslim states. I think when we look at the Lombok treaty, for example, the treaty between Australia and Indonesia concluded last year, what we see is not just an Australian attempt to build a better relationship with its immediate northern neighbour, not just an attempt to add ballast to a relationship that gets knocked off course by a single drug courier; what we're seeing is an attempt by Australia to find partners that might have special abilities to shape at the global level the long-term contest with Islamic extremism. Indonesia is the world's most populous Muslim state; its behaviour matters in terms of the global struggle.

Let me move to the second level, which is the regional level. The regional level, as I said, is characterised by the fact that one security order, a hub-and-spokes-shaped regional security

order, is in fact being reconfigured, probably over a period of a decade or two, to give the great Asian powers more of a stake in the order. And here we see, I think, that for Australia a key worry is what—if anything—we can do to make the looming strategic transition in Asia more stable. Primarily we seem to be trying to do this by nurturing conditions within which the Asian great powers can pick up more of the burden of supplying public goods to the region. I think, in essence, this is a central way of thinking about the security declaration between Australia and Japan that was concluded by the two prime ministers back in March this year. If we look at that declaration, it's not an alliance. We don't guarantee to come to each other's aid if attacked. So it's not up the alliance end of the security partnership spectrum. It's down the spectrum. It says Australia welcomes in the region a Japan that takes seriously, and puts efforts towards, disaster relief, peacekeeping operations, stabilisation efforts, counter-terrorism, and countering piracy, for example. These are all public goods; the public goods of the Asian regional security order. What we are trying to do in that partnership with Japan is to draw Japan into the region in a way in which it picks up a greater share of the public goods.

But the partnerships that Australia should be building in the region, it seems to me, over the next ten years are constructive ones that attempt to manage that sensible transfer from of one form of regional security order to another.

Over the years to come we will build similar relations with China and India. They will not all look like the Japan relationship. We will have different relationships with each of those great powers, but across the relationships we'll be trying to keep the regional security 'tent' upright while there's a transfer of weight from that original one-poled tent that emerged after World War II, towards a more even sharing of the weight amongst more tent-poles. It might be that this strategy will not work. It might be the tent falls down. But the partnerships that Australia should be building in the region, it seems to me, over the next ten years are constructive ones that attempt to manage that sensible transfer from one form of regional security order to another.

One thing I think has not changed, and that is the belief the Prime Minister outlined when he spoke to this conference this morning: that security partnerships are important for Australia's own security. He described them, I think, as force multipliers. And that's a good way of thinking about them, because well-designed security partnerships do act as force multipliers. I think it's interesting that Australia has almost never thought of its security solely in terms of the security of its own homeland and it has never gone to war alone. It is, in its deepest instincts and its strategic culture, very much a security-partner sort of animal. When it wants to work in the international environment, it likes to work with others.

Let me turn now to the second part of the topic, and here I want to talk about issues of use of force, because I do think we're starting to think seriously about security partnerships in new ways, but I don't think we're doing nearly as well in thinking about use of force in new ways. Here I have to go back briefly to the Cold War era to give you some sense of background to the current debates. So I want to talk for a little while about how we understood then

issues concerning the use of force, before going on to say something about how those issues might be changing. The shared understanding that underpinned our use of force during the Cold War era related closely to the model of warfare that was dominant in that era. That model, as I said earlier, is best described as Napoleonic, though shaped strongly by the capacities offered by the industrial revolution for higher levels of destruction. For the drafters of the ANZUS treaty and the other Cold War alliances the picture of warfare that shaped their alliances was that typified by World War II. The age in which Western alliances were designed was in the ten years that followed World War II, and it looked back upon a half century—really the first half century of the 20th century—in which revisionist great powers almost tore the international system apart.

Typically, therefore, we thought about use of force in an interstate context and in a mass-warfare context. Particularly after the invention of nuclear weapons, too, we wanted a system that locked down the use of force in international relations, that substituted threats to use force for the actual use of force. This was a way of using force that the US theorist Robert Art was later to call ‘gravitational.’ Gravitational use of force exists where force is used, like gravity, in ways that are terribly important but almost invisible. At the end of the Cold War, many members of the Western public thought nuclear weapons had been completely useless, because they hadn’t been used at all. But in Robert Art’s gravitational sense, they were used every day of the Cold War. In that gravitational sense of use of force we used force as a set of threats to lock away the prospect that a revisionist great power could use force directly and physically to change the system.

Towards the end of the Cold War we realised too that the two principal adversaries had things in common. This was what John Lewis Gaddis called the ‘tacit rules’ of the Cold War, the rules that had emerged over the years from patterns of silent cooperation. The two superpowers respected each other’s sphere of influence, avoided direct military confrontations, shared a perception that nuclear weapons were weapons of last resort, refrained from undermining each side’s leadership, and tolerated anomalies in the international order rather than undertaking unpredictable efforts to correct those anomalies.

But we’ve now entered upon a debate about the extent to which that use-of-force model and that understanding of adversaries still has utility in the current security environment. A debate now swirls around the circles of Western defence establishments about whether war has changed, whether our enemies have become more dangerous, and how force can sensibly be brought to bear upon current security threats.

I want to clarify the terms of that debate by putting use of force issues into the shape of a diamond. I want to talk about four corners of a diamond. The first corner of that diamond relates to Robert Art’s distinction between gravitational force and direct physical use of force. I think within Australia some of that shows up even in a debate about the extent to which the direct use of force ruins its mystique, undermining its gravitational aspects. Those who argue that line often say that Iraq is like Vietnam, that direct use of force is wrong, that we would have got better leverage by playing the gravitational game. Central to this debate lies an argument about the continued effectiveness of the Cold War doctrines of containment and deterrence in the oddly, strangely reconfigured global order that we see now. I don’t think we’ve resolved yet our differences of opinion about when deterrence is more effective than direct use of force or vice versa. But I think that many Australians see now—at least at the global level—a class of adversary that is not readily deterrable.

I think the second corner of the diamond relates to a debate about where regular warfare now fits in relation to irregular warfare. Here we find a public discussion about what state-based armies might be good for. Are they really just good for, as Hugh White I think once said in a *Sydney Morning Herald* article, fighting other state armies? This view says that everything else we ask them to do they can do after a fashion, but it's not their primary purpose. Along this line of argument, the more we try to use military force to achieve a second level set of political gains, the more we're ruining the instrument that was built for a more important cause. Now this is a hard issue, and it's not just our military that faces it. In the US there's a debate about the extent to which is it the task of the US military to fight irregular wars. We still don't do counter-insurgency terribly well. That's the lesson of Iraq: we still struggle to fight an enemy that doesn't wear a uniform and that hides among the civilian population. So on that second corner of the diamond, a major debate also rages, and it's one that's doesn't look like being resolved anytime soon.

The third corner of the diamond asks us to weigh righteousness against effectiveness, because part of the ways of restraining war, back in the old Napoleonic model, was to codify rules—sometimes actual laws—of war. These covered everything from when it was possible under the UN charter to exercise rights of self-defence to conventions governing how we handled prisoners of war. Righteousness, I suppose some would call it legitimacy, was about states accepting certain responsibilities for their conduct: in particular their conduct in relation to when they fought wars and how they fought them. Over time, legitimacy came to be seen as one of the key mobilisers of public support for military engagement. But for strategists, while legitimacy is a good thing, it's not good if it's purchased at the price of effectiveness. Very early after September 11, a debate ensued about the treatment of David Hicks, the Australian captured while supporting the Taliban in Afghanistan. Issues of law contested the ground with issues of war. The various pieces of counter-terrorist legislation passed through the Australian parliament saw a rehearsal of that debate. So within Australia, as within other Western democracies, there's a debate now about the extent to which our 20th-century rules of war still work in the 21st century. Are laws more important than outcomes? Should strategy be about outcomes and we'll do some post-hoc rationalisation of the laws as we go along? Again, on the third corner of the diamond, we seem to be feeling our way along the wall.

And finally, let's look at the fourth corner of the diamond. The fourth corner of the diamond says: Should force be used reactively or proactively? And we went through in Australia our own little self-contained semi-debate about pre-emption, about whether Australian forces should be allowed to pre-empt against a radical Islamic terrorist group living somewhere in Southeast Asia if all other courses of action against that threat failed. I don't think we handled the debate very well and the debate lived a sort of half-life in our newspapers and then quietly subsided. But it hasn't gone away. One of the principal concerns in the age of demassified warfare is that very small groups can reach a long way and they can do a lot of damage. Those are exactly the sorts of adversaries against which being reactive might not be the way of handling use of force.

On all four corners of that diamond, therefore, I think we see our old paradigm of thought under attack. The debates that surround the corners of the diamond break neatly into two clusters. One cluster of thought says that use of force won't change much now that we're in the 21st century and that it can be gravitational and reactive and lawful and it can be used against regular opponents. The second cluster says we're going to have to use force

directly, proactively, often waging irregular warfare against non-state actors, and we're going to have to work like hell to make sure we're effective, let alone legitimate. These two clusters pull directly opposite each other in terms of the policy recommendations that they have for government. However we resolve that problem, let me say, there is one classical problem that won't go away. Since Napoleon, the problem has not been prevailing on the battlefield. The problem has been translating the battlefield victory into political outcomes. If you look at Iraq today, we're still in that problem. Even if we can prevail on the battlefield with the latest 'surge', it's only important if we can translate it into a political outcome. The old problem created by Clausewitz's dictum—that warfare is a continuation of politics by other means—is that warfare only works if we can actually translate it into achieving our political objectives.

What does this mean? In terms of conclusions I think we're probably doing better at reinventing our security partnerships than we are doing at reinventing the way we think about use of force. I think we already see signs that we're using partnerships to do more than the 'old' defence agenda. We're using partnerships to build security orders a particular way. We're using partnerships to reassure. We're looking for different sets of outcomes now from our partnerships, and we're trying to stretch ANZUS so that it gives us competencies against a new demassified sort of war-making unit. On use of force issues, the debate is still relatively shapeless and inchoate. Essentially, the strategic logic of the Cold War tied us firmly to a particular position on use of force that we are most reluctant to abandon. The problem, of course, is that way of thinking about use of force might not help us address a new set of challenges to our security. This is an issue that we will be debating for some years to come.

Dinner address

THE US ROLE IN THE WORLD: AFTER IRAQ

Walter Russell Mead

It is really terrific to be back, and when I was invited back I checked with the organisers and I asked them what kind of dinner speech—you know, because I hadn't really given a dinner speech before here—what kind of dinner speech do Australians like? And they said long ones. And then I said, well, did they like a lot of anecdotes and humour? No, no. They like very abstract, dry, tightly reasoned presentations. And at this point I was getting a little nervous. I said, 'Well how long do these speeches last?'. They said, 'Think Fidel Castro celebrating the anniversary of the revolution.' So I thought about it for a little bit. I said, 'Well, you're not really paying enough for a speech like that, so I'm going to have to give you something a little bit shorter', and I apologise for that, but I'll do the best I can.

When I think about American policy after Iraq, I'm afraid I have this historic bias that leads me to look at the past and actually when I look at the whole structure of American foreign policy, our orientation to the world, I find myself actually driven back to British history and even, in particular, to a speech that Oliver Cromwell made to the House of Commons in 1656 when he was discussing a war with Spain. And I'm sure many of you are familiar with the speech, so I don't need to go into great detail. But Cromwell asked, 'Who are our enemies and why do they hate us?' His answer: 'It is the league of evil men around the earth.' 'And why do they hate us?' 'Because the evil that is in them sees the good in us, sees that God's truth, God's word, and I say this in all modesty, is more fully practised here in this island than elsewhere, and they hate it.'

It's fascinating to go through the rest of the speech. He starts talking about, you know, our enemy is Spain, which is Catholic, it's an empire which has placed itself in the service of evil. You can actually set this

side by side with Ronald Reagan's 1983 empire of evil speech, as well as Bush's axis of evil speeches. And Cromwell and Reagan both asked where was the origin of the evil philosophy that we face and they both agree it was the serpent in the garden of Eden, that the serpent was in Cromwell's speech the first Catholic, in Reagan's speech he was the first communist. Cromwell argued that you can't make peace with a papist, with a papist state. Why is that? Because you sign a treaty, it's only good, he says, as long as the Pope sayeth amen to it, because the Pope can absolve the Catholic from the sin of perjury whenever he wants. Reagan's point was that because the communists recognise no good greater than the spread of their philosophy, they will, in Reagan's words, lie, cheat and steal to advance their evil philosophy.

You can even go deeper into it. What did Cromwell say that he wanted from Spain. 'What do we ask?' He said, 'Liberty—only that.' He said, 'We need liberty for English merchants in Spanish ports to carry Bibles in their pockets. That's all we ask.' You can almost hear him going, 'Tear down that wall.' What's interesting too is if you look between Cromwell and Reagan and Bush, you see that if you look at how the English describe their wars with Louis XIV, with Napoleon, with the Jacobins, it's the same sort of language—it's an evil empire, it's determined on world conquest, it knows no restraint, it seeks to destroy our liberties, our constitution here, and furthermore it has a dangerous fifth column—Cromwell called it 'the Catholic interest in our bowels', which is a very vivid metaphor. I think fifth column has nothing on it.

And, of course, after the first act of serious religious terrorism in England, the Guy Fawkes attack on parliament, Catholics came under even stricter laws, and you had almost two centuries of quite strict laws against Catholics. Most of the time they were ignored, but whenever there was any kind of danger, whether it's Bonnie Prince Charlie and the 45, or some war, the laws are revived and brought out and put into practice. You look at Pitt talking about Napoleon, Burke talking about the Jacobins, you hear really the same thing, and you get to the First World War, you read Lloyd George's speeches about Kaiser Wilhelm II. They could be Oliver Cromwell. Christianity—poor trash for Germans was Lloyd George's view of how the Kaiser looked at things, and Lloyd George, whose personal piety is well known, talked about this as a war between Christianity and paganism for the future. Woodrow Wilson by and large agreed. World War II, the same thing; the Cold War, the same thing.

What's interesting is if you then go back and you look at what 'they' have been saying about 'us' during all this time, their discourse of why they hate the evil Anglo-Saxons has been as consistent as our discourse about why we don't like them. Actually, there's a wonderful history by a guy named Philippe Roger, a wonderful French scholar. It's a very long, dense book on the discourse of anti-Americanism in France. It's called *The American enemy—L'ennemi américain*. Roger once said he's sorry he only was able to scratch the surface of this rich subject. But we are hypocrites. We talk about human liberty, but look at what the British did in Ireland, look at the Indians in North America, Aborigines in Australia, Abu Ghraib—we've always been very good about giving them something to point to, and they've always pointed. You can find some of Napoleon's propagandists making speeches about the British empire, how Britain, in order to make itself prosperous, consigns Africa to barbarism, the Antilles to poverty, how it uses its mercantile monopolies to keep Europe poor, so that countries, even if they're territorially free from Britain, are commercially enslaved. I mean, Noam Chomsky could hardly describe it more clearly. And this is talking about the Britain of Pitt rather than the America of Bush.

So there's a consistency on both sides. There's another element in this, that this war, more or less, from the 17th century to the present day has been dragging on—this is the long war and this is the clash of civilisations to a certain degree. And an important fact about this is that the wretched Anglo-Americans keep winning all of these wars—not every little conflict. You know, the Mahdi did in fact kill General Gordon in Khartoum and so on, but all the wars that shaped the international order, from the wars of the Spanish Succession or the war of the League of Habsburg down to our own day, the Anglo-Americans have won. In fact, the British have only lost one major international conflict since the glorious revolution, and that happened to be the American revolution. So either Britain or both have won every major international contest since the 17th century. It almost begins to look like a pattern. But that could not be true.

So it seems to me as I look at the world, the big question is why: Why do the Anglo-Americans have this record of success? What is it? And there are a lot of pieces to the answer, but I think a big part of the answer is that the Anglo-Americans have had a common strategy approach to the world—it's deeper even than strategy—that shapes their engagement with the world. They've been doing it since the 17th century and it works. So what this really is—there is in fact the paranoids among us are right, there is a secret Anglo-Saxon plot, plan, to rule the world. And we've been applying it for 300 years and it works. You could call it the protocols of the elders of Greenwich if you wanted to. And because Australians and Americans are such good friends, I've decided to share the secret with you. But you have to promise you're not going to go tell any bad people about it. What is the secret five-point plan for world domination? By the way, we didn't invent this, neither did the Americans nor the British. The people who invented it were the Dutch, and they invented it in the 17th century, and we have been following it—so you could say the Dutch came up with version 1.0 of the operating software on which the world still runs. The British then introduced version 2.0 during the reign, I think, of William III, and the Americans introduced version 3.0 in the 1940s. We believe it was an upgrade. The British have another view.

It's also interesting, by the way, the way the British were able to take it from the Dutch: with one hand the British defended the Dutch from the French; with the other hand they picked their pockets. This is pretty much what the Americans did to the British in World War II, defending them from the Germans and the Japanese, but picking their pocket. What is also important and little known about this is the man who did it, Franklin Roosevelt himself, was from a Dutch family. He had sailed—his family sailed to New York back when it was still New Amsterdam, and in moments of annoyance, Roosevelt would say things like, 'This really gets my Dutch blood up.' He was very conscious of it. I think he secretly enjoyed returning to Britain the favour that they had done his ancestors.

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Another thing that's interesting from this is that you can actually sum up in my view—and I love cheap misleading slogans; they're really a wonderful thing—the world history of the last 400 years in 10 letters: UP—United Provinces of the Netherlands, to UK, to US. Ten letters. If any of you can do better don't tell me, because I really like this. So what is the five-point plan.

The first point is—again it’s not a foreign policy, it’s a stance—have an open society at home. Seventeenth century Netherlands did amazing things: It granted freedom of religion; it allowed professors in universities to research whatever they wanted to research. It allowed them to say what they want. So scholars came to the Netherlands from all over. Rene Descartes came from France because he could have—you know, he ate the food for a while; he went back, but he came. And Jews fleeing persecution in Spain, in Portugal and other parts of Europe came to the Netherlands where they were welcomed, allowed to worship freely. Can you see in some of Rembrandt’s paintings people becoming prosperous and secure and proud of who they were. Peter Stuyvesant, the Dutch colonial governor of New Amsterdam wanted to ban Jews from New Amsterdam. The Dutch West Indies company sent him a very stiff note saying, ‘That’s bad for business; let them in.’

To some degree, by the way, I would still say society’s attitude towards Jews is one of the great signs of whether that society will be successful in the future, because it’s a sign of are you willing to let your society be open to disturbing differences, religious differences, ethnic differences? Are you willing to accept innovative practices? The Dutch were. And in Dutch society in the 17th century you can see all kinds of features of modern life, whether it’s the calculus, whether it’s the invention of the microscope, but also the first stock market bubble, the tulip bubble, in the Netherlands. You also had the invention of what the British knew for 100 years as Dutch finance, a stable funded national debt, which is what the Bank of England was then invented to create in the UK. So this open society is generating ideas, methods, techniques, it’s allowing people to do financial engineering that hasn’t been done before, basically to do whatever they want. And it’s meritocratic. The son at that time now, including the daughter of a poor peasant, can rise into the mercantile elite. You’re not bound by your past. You can be shaped by the future.

Okay, that’s the first part of the secret plan. This is the part that a lot of other societies had the hardest time imitating, by the way, and it’s one of the reasons I think the success has been so enduring.

Point two: Take the show on the road. You have this open society; it now engages with the rest of the world.

Point two: Take the show on the road. You have this open society; it now engages with the rest of the world. It engages commercially through trade. The Dutch had 100,000 sailors in a large merchant fleet that was all over the world. You engage intellectually, philosophically, you send missionaries out, but you also get translations of the holy books and the ideas of other people, and you have a lot of ferment in your own society as you respond, as you let the world change you, even as you are changing the world. But the combination of your open society and your engagement means that generally speaking you do very well economically in your trade. You’re bringing new ideas to people. You are bringing products that they don’t have. You’re bringing ways of organising human activities that they don’t have and can’t match.

... point three of the secret plan, which is to maintain a geopolitical strategy that essentially rests on being a balancing maritime power.

So this trade is generating a great deal of wealth, which underwrites point three of the secret plan, which is to maintain a geopolitical strategy that essentially rests on being a balancing maritime power. This was by the way the great weakness in the Dutch, that the River Scheldt is just not wide enough to insulate the Dutch from Europe, just as by perhaps 1940 the Channel wasn't quite as wide as it used to be. But in any case, the Dutch generated an enormous amount of wealth, which enabled them to hold off Louis XIV, the British followed suit, did the same kinds of things, and the balance of power works in a number of ways. By the way the phrase 'the balance of power' was first used in an international document, the treaty of Utrecht of 1713, that ended the war of the Spanish succession. The balance of power is not just about preventing them all from ganging up against you, it's also that France, which was trying to create a global empire and a global trading system, could never devote all of its energy to what it was doing at sea, because it always had to deal with these pesky land powers behind it that were causing problems and dividing its attention. And obviously the British, with all the money they were making from their global engagement and their global trade, are sprinkling it on allies, providing foreign aid we would now say, or military aid, and subsidies and so on to keep these coalitions together. But also, as a result of the balance of power, the European countries are scuttling around like scorpions in a bottle and the British Navy is the cork that keeps them in there, while the British are going out peacefully—peacefully—acquiring various interesting territories and things around the world and building markets.

So in the 18th century you have Prussia and Austria fighting titanic European land wars for possession of Silesia. And in case there are any Silesians here, I'm not going to say anything disparaging about this beautiful province in the Polish hills, but while the Prussians and the Austrians are fighting over this thing, losing hundreds of thousands of people and bankrupting both states, the British are driving the French out of North America and India, replacing the Dutch in all kinds of strategic places, and laying the foundations for the global order and world system that still exists today. That's point three of the power strategies. You can see the US as it looks at Asia, it remains very much a player in this kind of point three balance of power approach to politics.

Point four of the secret plan to rule the world is you build a global trading system that isn't just open to you, but open to others, so the British Navy didn't just keep the world's sea lanes safe for British commerce, they kept it safe for commerce. The British introduced free trade, saying other countries can trade with us, with the UK, even if they have barriers. And the idea, again, is first of all that you will grow richer through trade and because you're an open society globally engaged you are uniquely able to take advantage of this, but also that other countries will be less likely to go to war with you because they had this very pleasant economic system that allows them to get rich. This was the centre piece of US policy towards Germany and Japan after World War II. You don't have to fight another war. You don't have

to rearm to have your place in the sun. Work with us, be part of our system, trade with us and be as rich and respected as you could possibly wish.

Point four of the secret plan to rule the world is you build a global trading system that isn't just open to you, but open to others, so the British Navy didn't just keep the world's sea lanes safe for British commerce, they kept it safe for commerce.

So people in peace are attracted into this system and they also find themselves growing, in a sense, addicted to it. Some people will say to me, 'Oh, my gosh, will you look at that. The Chinese have just signed a major oil deal with Venezuela. And the Chinese are in America's backyard now. It's all over.' From a classic Anglo-American point of view, nothing could be better than large Chinese investments that predicate that the Panama canal will be indefinitely open to Chinese shipping interests and that China has strategic investments that actually assume good relations with the United States for the long term, because this is the other part of point four, this wonderful system of trade that seduces everyone into having globally integrated economies and investment patterns and market patterns and so on and so forth can turn into a weapon of war if there is war. German strategy in both world wars, German and Japanese strategy in the Second World War was very much conditioned, even decisively conditioned, by their need for certain products on which their economies had become accustomed to depend. By the way, also, in a war, because you have your sea power, your trade continues while your enemy's trade is cut off. They lose their global access; you keep it, which means that all of that wonderful trade that goes on in war when trade in commodities and so on shoots up because of war-time demand, you get the benefits of that, not your enemies. So the British and the Americans traditionally—it didn't work as well for the British in World War II—tended to become relatively wealthier and more powerful in these conflicts, even as their enemies were very often defeated primarily by bankruptcy and lack of access to the commodities and materiel that they required for war. So point four is a very important part of the plan.

... point five is promote liberal institutions.

And finally, point five is promote liberal institutions. This, of course, is our most devious and evil plan of all, because it works extremely well. At the base promoting liberal institutions, not even at this point promoting democracy, but things like courts of law, rights of private property and so on. They have two impacts. First, obviously, they make it a much better place for you to do business when a country adopts these things. And so when foreign investors can use a relatively transparent court system to enforce contract, to protect property, decisions are less arbitrary and so on and so forth, this is obviously very, very good for a

country which is trying to promote its global commerce. At the same time it tends to make the countries that adopt these reforms more successful within the world system. That is to say, they are able to develop better as they adopt different pieces of this agenda. That tends to make them happier with the world system.

And moving further into promoting liberal democratic institutions, what tends to happen is that as you defuse power away from aristocratic or military elites or other elites whose interests are different from those of the population at large and the mercantile classes, as those classes achieve more power in the state they are more—point four works better with that country. The wealth that is created by participation in the international system is more popular and the government is more likely to follow point four oriented policy. So you tend to get countries that are more successful in the Anglo American system and more likely to follow policies that keep them there and keep them at peace.

This is an incredibly devious plan. I think many of the things that our enemies over the centuries have said about it are absolutely true. And it has brought the Netherlands, the United Kingdom and the United States now to positions of world power that have really—well, that have never been seen on a global basis, and countries that started off with great advantages, like Spain, which conquered South America and central America with all the gold and so on, didn't understand the five-point plan, lost to swampy little Netherlands. The Dutch were the chief beneficiaries of the Spanish conquest of the New World, because the Dutch knew how to use that money and to develop a modern economy based on the flow of currency that was coming into the Spanish empire, of which they were a part for the early stages of the Dutch take-off.

So we have a plan—we had this plan before the war in Iraq. I don't think anything that happens in the war in Iraq is going to derail the plan or to derail America's commitment to the plan. But to some degree this is not a consciously chosen foreign policy. For example, I'm quite sure that Peggy Noonan, who wrote Reagan's evil empire speech, did not study the works of Oliver Cromwell. One thing, she's Irish American—and for those of you who don't know all the details, Oliver Cromwell even today is not particularly popular in Ireland. And I think we can be fairly confident that while George W Bush is noted for reading a lot of history in the last two or three years of his presidency, he was probably not aware of the similarities between his arguments about Osama bin Laden and those of, say, the Younger Pitt or Joseph Addison against Napoleon or Louis XIV respectively. So, you know, it's quite striking and it's spontaneously and afresh people in the Anglo-American world come back to this same world view. I think it's rooted rather deeply in some things in our culture and so on. That's another talk which I'll be happy to give you another year. If I go on too much longer I'll see that—I'm not exactly a threat to Fidel Castro as yet, but it will be going a little longer than I wanted and we won't have time for questions and answers. So I will stop with the speech now and see if there aren't any questions. Some of you may want to ask—you know, I haven't been very concrete or specific about policy, for example, after the war in Iraq, and I'll be happy to try to drill that down into things if that's what you'd like to do, or we can go back and talk about the big picture. Whatever you're interested in. Thank you very much, by the way.

Contributors



Professor Brahma Chellaney

Professor Brahma Chellaney is Professor of Strategic Studies at the New Delhi-based Centre for Policy Research, an independent, privately funded think-tank.

A specialist on international security and arms control issues, Professor Chellaney has held appointments at the Harvard University, the Brookings Institution and the Johns Hopkins University's School of Advanced International Studies.

Until January 2000, Professor Chellaney was an adviser to India's National Security Council, serving as convenor of the External Security Group of the National Security Advisory Board, as well as member of the Board's Nuclear Doctrine Group. Subsequent to that, he was a Member of the Policy Advisory Group headed by the Foreign Minister of India.

He is the author of four books, his latest being the best-selling *Asian Juggernaut: The Rise of China, India and Japan* (HarperCollins, 2007). He has published research papers in *International Security*, *Orbis*, *Survival*, *Washington Quarterly*, *Security Studies* and *Terrorism*.

Professor Chellaney is also a newspaper columnist and television commentator. He writes opinion articles for the *International Herald Tribune*, *Wall Street Journal*, *The Japan Times*, *The Hindustan Times* and *The Asian Age*.



Dr Robert L Gallucci

Dr Robert L Gallucci began as Dean of Georgetown University's Edmund A. Walsh School of Foreign Service on May 1, 1996. He had just completed twenty-one years of government service, serving since August 1994 with the Department of State as Ambassador at Large. In March 1998, the Department of State announced his appointment

as Special Envoy to deal with the threat posed by the proliferation of ballistic missiles and weapons of mass destruction. He held this position, concurrent with his appointment as Dean, until January 2001.

Dr Gallucci began his foreign affairs career at the Arms Control and Disarmament Agency in 1974. In 1978, he became a division chief in the Department of State's Bureau of Intelligence and Research. From 1979 to 1981, he was a member of the Secretary's Policy Planning Staff. He then served as an office director in both the Bureau of Near Eastern and South Asian Affairs (1982–83) and in the Bureau of Political-Military Affairs (1983–84). In 1984, he left Washington to serve as the Deputy Director General of the Multinational Force and Observers, the Sinai peacekeeping force headquartered in Rome, Italy. Returning in 1988, he joined the faculty of the National War College where he taught until 1991. In April of that year he moved to United Nations Headquarters in New York to take up an appointment as the Deputy Executive Chairman of the UN Special Commission (UNSCOM) overseeing the disarmament of Iraq. He returned to Washington in February 1992 to be the Senior Coordinator responsible for nonproliferation and nuclear safety initiatives in the former Soviet Union in the Office of the Deputy Secretary. In July 1992, Dr Gallucci was confirmed as the Assistant Secretary of State for Political-Military Affairs.

Dr Gallucci was born in Brooklyn on February 11, 1946. He earned a bachelor's degree from the State University of New York at Stony Brook, followed by a master's and doctorate in Politics from Brandeis University. Before joining the State Department, he taught at Swarthmore College, Johns Hopkins School for Advanced International Studies and Georgetown University. He has received fellowships from the Council on Foreign Relations, the International Institute for Strategic Studies, Harvard University, and the Brookings Institution.

He has authored a number of publications on political-military issues, including *Neither Peace Nor Honor: The Politics of American Military Policy in Vietnam* (Johns Hopkins University Press 1975), and *Going Critical: The First North Korean Nuclear Crisis* with Joel S. Wit and Daniel Poneman (Brookings Press, April 2004). For *Going Critical*, he is the recipient of the 2005 Douglas Dillon Award given by the American Academy of Diplomacy for a book of distinction in the practice of diplomacy. He received the Department of the Army's Outstanding Civilian Service Award in 1991, the Pi Sigma Alpha Award from the National Capital Area Political Science Association in 2000, and the Doctor of Humane Letters (honorary) from the State University of New York at Stony Brook in May 2002.



The Honourable John Winston Howard

The Hon John Winston Howard MP is the 25th person to occupy the office of Prime Minister since Federation. He was sworn in as Prime Minister of Australia on 11 March 1996, following the Coalition's decisive Federal election victory on 2 March 1996. Mr Howard was subsequently re-elected at elections in 1998, 2001 and 2004.

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 New South Wales 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 in 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 adult children, Melanie, Tim and Richard. As Prime Minister Mr Howard divides his time between Kirribilli House in Sydney, The Lodge in Canberra and, of course, his official commitments in other state capital cities, regional centres, rural Australia and overseas.



Dr Rod Lyon

Dr Rod Lyon is the Program Director, Strategy and International, with ASPI. Rod was most recently a Senior Lecturer in International Relations at the University of Queensland where he taught courses on conflict, international security, and civil-military relations.

His research interests focus on a range of problems associated with global security, nuclear strategy and Australian security. He previously worked in the Strategic Analysis Branch of the Office of National Assessments between 1985 and 1996.

As a Fulbright scholar in 2004, he was a visiting research fellow at Georgetown University in Washington DC, researching a project on the future of security partnerships in the post-September 11 environment. He was appointed to the National Consultative Committee on International Security Issues in April 2005. He also authored ASPI *STRATEGY* report *Alliance Unleashed: Australia and the US in a new strategic age* which was released in June 2005.



Mr Walter Russell Mead

Mr Walter Russell Mead, the Henry A. Kissinger Senior Fellow for U.S. Foreign Policy at the Council on Foreign Relations, is one of the country's leading students of American foreign policy. His most recent book, *Power, Terror, Peace and War*, (Knopf) was hailed as 'elegant and most timely' by Zbigniew Brzezinski; Henry Kissinger called it 'A splendid work ... informed, perceptive and valuable.' His previous book, *Special Providence: American Foreign Policy and How It Changed the World*

was widely acclaimed by reviewers, historians and diplomats as an important study that will change the way Americans and others think about American foreign policy. Among several honors and prizes, *Special Providence* received the Lionel Gelber Award (which the Economist calls 'the world's most important prize for non-fiction') for the best book in English on international relations in 2002. The Italian translation won the *Premio Acqui Storia* awarded to the most important historical book published in Italian.

In August 2007, Knopf will also publish Mead's next book, a major study that will explore the rise of Anglophone global primacy, titled *God and Gold: Britain, America and the Making of the Modern World*.

Since 9/11, Mead has traveled all over the world meeting with business, cultural, intellectual and religious leaders in the Middle East and beyond. His books have been translated into Arabic, French, German, Italian, Dutch, Chinese and Russian (forthcoming) and he has visited more than 80 countries during the course of his career.

His chief intellectual interests include the rise and development of a liberal, capitalist world order based on the economic, social and military power of the United States and its closest allies. In addition, Mead has directed a high-level study group on religion and foreign policy with the Pew Foundation on Religion and Public Life.

Mead is a contributing editor for *The Los Angeles Times*, and contributes articles, book reviews and op-eds to leading newspapers and magazines. He serves as the regular reviewer of books on the United States for *Foreign Affairs* and frequently appears on national and international radio and television programs. In 1997 he was a finalist for the National Magazine Award in the category of essays and criticism. In addition, he is an honors graduate of Groton and Yale, where he received prizes for history, debating and the translation of New Testament Greek. He is a founding board member of the New America Foundation and also serves on the editorial board of *The American Interest*. A native of South Carolina, he lives in Jackson Heights, New York.



Dr Leanne Piggott

Dr Leanne Piggott is the Deputy Director of the Centre for International Security Studies at The University of Sydney. She is a specialist on Middle East politics and security, having just completed a book on the Arab-Israeli conflict. Between 1999 and 2002, Dr Piggott was a member of the International Commission for Security and Cooperation in West Asia (SACWA), which acted as a third track diplomatic bridge between regional governments and civil societies in the region.

Dr Piggott is a member of the Australian Government's Foreign Affairs Council.



Dr Abiodun Williams

Dr Abiodun Williams is Director of Strategic Planning in the Executive Office of the United Nations Secretary-General and has held this position since 2001. From 1994 to 2000 he served in various policy positions in UN peacekeeping operations in Bosnia and Herzegovina, Haiti and Macedonia.

He began his career as an academic and taught international relations at the Edmund A. Walsh School of Foreign Service, Georgetown University, University of Rochester, and Tufts University (1984–1994). He won the School of Foreign Service's Outstanding Teaching Award in 1992. He is Vice Chair of the Academic Council on the UN System. He has published widely on conflict prevention, peacekeeping operations and multilateral negotiations.

His writings include *Preventing War: The United Nations and Macedonia*, and *Many Voices: Multilateral Negotiations in the World Arena*.

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.

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

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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.

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ASPI is governed by a Council 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.

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Day 2



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Session Three—Asia–Pacific regional security issues

THE GREAT POWERS IN ASIA: A VIEW FROM SINGAPORE

Wang Gungwu

It gives me great pleasure to be back in Canberra. When I received the invitation to participate in this year's Global Forces 2007, I was attracted to the topic he suggested, 'The Great Powers in Asia: a view from Singapore'. As an historian, I studied the impact of The Great Powers, not least from the perspective of China during the 19th and 20th centuries. For several years, when I was at the ANU, I also attempted a view of the Great Powers from Australia during the middle and second half of the 20th century. But I have never contemplated a view from Singapore. So I was immediately interested. After living in the Republic since 1996, I see that a view from there is different from those of historical and contemporary China and Australia. Here is an island that is a success story as a modern state, located in the midst of a medley of states, with one as tiny as Brunei and another as large as Indonesia. It is an exceptional place from which to look out at Asia today.

I need hardly emphasise that mine is very much a personal view. The official view of the government of Singapore is on record and there have been several studies, both book-length and journal articles, that provide fuller analysis. In addition, there are the memoirs of Mr Lee Kuan Yew as former Prime Minister, the published papers of the former Minister of Foreign Affairs, the late Mr S Rajaratnam, an excellent recent survey of the Singapore overview is the speech given by the Prime Minister, Mr Lee Hsien Loong, at the Shangri-la Dialogue organised by the International Institute of Strategic Studies (IISS) in Singapore last month.

Two premises guide my perspective. The first is, there was a Singapore perspective when it was a British colony from 1819 till 1963 and there is a Singapore perspective since 1965 when the world suddenly found

itself with a new state, the Republic of Singapore. I shall, of course, focus on the post-1965 perspective but will note the continuities from time to time. The second is, in the globalised world we have today, we should distinguish a Great Power from a rising power, or regional, economic, cultural or even military power, not to mention other terms like middle or local powers.

Let me begin with the second. For the past century, scholars have found it difficult to agree what constitutes 'great power'. There have been many definitions of 'great' and the relevant criteria for greatness have been debated for a long time. There was so much argument as to which countries qualified that 'Great Powers' became less great and the really great powers were promoted to superpowers. Then, after the end of the Cold War in 1990, when one superpower lost out and only the other remains, even the term superpower was diminished and some people promoted the sole superpower, United States, to a hyper power. One good example of how standards are being lowered is the way some people already talk of China today as a superpower—I know many who only wish that were true! This grade inflation approach to power identification has become so subjective an exercise that the term 'Great Power' seems to have been kept in use for some countries simply to save face for those that did not want to lose status. No country that had been great once was prepared to admit that it was no longer so.

... I am convinced that today only the United States qualifies as a Great Power. Thus, my topic today, 'the Great Powers in Asia', would consider some Great Powers in the past, the one Great Power today and also look at possible future candidates.

Of course, historians and political scientists might want to keep the term for the familiar list of countries so that they do not have to rewrite their textbooks to explain why so many former Great Powers are no longer great. All they have to do is to push the real Great Powers to a higher level. For my purposes, however, the hyperbole is unnecessary and confusing and Great Powers at any one time should refer only to those that are obviously great and acknowledged by all as great. All others can then be treated as major or minor powers depending on what they are still capable of in their region or neighbourhood, or on how much they can provide in cash, manpower or equipment if they are allies of a Great Power. Sitting in Singapore, I am convinced that today only the United States qualifies as a Great Power. Thus, my topic today, 'the Great Powers in Asia', would consider some Great Powers in the past, the one Great Power today and also look at possible future candidates.

Before modern times, there were all kinds of relatively powerful kingdoms and empires that could qualify to be called 'Great Powers' for their times. That was largely because the resource and technological lead of each of these was never that large and most such powers were comparable. It was after the industrial revolution that real economic and military superiority could be achieved and sustained for a long time. Hence it is not surprising that the term 'Great Power' only came into use on the eve of the Congress of Vienna to describe largely European nations and empires. The term was extended to our part of the world at the end of the 19th and the beginning of the 20th century when Japan was thought to qualify after first defeating China in 1895 and then Tsarist Russia ten years later. The main

criterion then was that of proven military power, but it was understood that this could only have come about after developing a strong economy and a stable political system. Some might add that a united, patriotic and well-organised citizenry that believed in their country's destiny was also an essential condition. For the rest of Asia (and also Africa and Latin America), there were a variety of colonies, semi-colonies and protectorates that did not look like qualifying for Great Power status for a very long time, if ever. Obviously, for most of that time, if there were a view from Singapore, it would have been an angled view from a corner of the British Empire, one that could serve as a reality check on the view from London.

Nevertheless, that imperial factor was an important feature of the subsequent view of the world from Singapore. The island colony had become a key point in a chain of perspectives that linked London with its global empire. It had built up a cumulative record that could, and did, shape its larger world outlook after independence. That extended chain included, at the opposite end of London, key cities in Australia like Sydney and Melbourne and then the federal capital at Canberra. Throughout, Singapore had a special place in the last section of that chain. But there was more to that. At its widest extent, the British Empire had created a complex mesh of global networks that provided Singapore with a powerful institutional memory, and that memory was available to whoever understands the continuities underlying its location. Provided it is not overwhelmed by another power determined to erase that memory, Singapore would always benefit from its multiple historical connections with every corner of the globe.

British expansion had added a number of Malay states that eventually constituted 'British Malaya', but Singapore's position was always distinctive. How the colony, first during the period of decolonisation, and then briefly in the Federation of Malaysia, nursed that perspective of Singapore's place in the world is a fascinating story that so far has only been partially told. This is not the place to tell it. The point I wish to stress here is that, the view from Singapore since 1819 identified only one Great Power, Britain, for more than 120 years. That context is still pertinent to Singapore today. Since its independence in 1965, Singapore had to survive the period when there was more than one Great Power but the world has now returned to the older condition. There was, therefore, a period of transition during which significant changes occurred. The view from Singapore that had hinged on there being the British Great Power was forced to adapt to the world of two Great Powers, the United States and the Soviet Union. But, after the end of the Cold War, it was quick, and relieved, to return the norm of a single Great Power, now only the United States. This remains the key feature of what 'Great Power' in Asia looks like today.

After the British, there was a rupture that began in 1942 when Singapore fell to the Japanese. Great uncertainty followed after the end of the Second World War, and many experiments and adjustments had to be made during the Cold War in Asia. Eventually, this led to the failed amalgamation into Malaysia in 1963–1965 and when Singapore was set adrift by the unexpected separation in 1965, the view from that precarious entity of the larger global struggle of the Cold War between two Great Powers was certainly opaque. Already these two were each leading a cluster of lesser powers and seeking to make inroads among the residue of small powers around the globe. Some of these saw the Cold War as the platform for a virtual imperialism, what I have called Cold Imperialism. The fact that the front line of that struggle in Asia was close by in Vietnam in the 1960s and 1970s was threatening. That 20-year struggle determined how each country in the region would understand 'Great Power' for the rest of the century. Along that front line, Singapore provided a view that could reunite it with the older chain that once served the British Empire. Of course, the view was

different in many respects. It was no longer one that was shaped by territorially based units that were created to support imperial trade. Instead, the new view was embedded in the networks of regions and sub-regions that had become essential to the ambitions of two competing ideologically based economic systems. Furthermore, both systems were backed by decisive superiority in military power the scale of which the world had never seen before. This certainly reinforced the view that it was the economic, technological and political structures needed to produce such power that defined Great Power from then on.

Adjusting to two great powers

From May to August 1965, I was a Visiting Fellow at the ANU, coming here from the University of Malaya in Kuala Lumpur. At a farewell lunch on my last day in Canberra, on August 8th, friends from the Southeast Asia Division of the Ministry of Foreign Affairs, notably the Malaysia desk, were called away because the news had just broken that Singapore had been separated from the Federation. Suddenly, Singapore was on its own with the chance to develop a distinctive view of the world. This was not the usual decolonisation process that the British handled so well, with much fanfare when one flag came down and another going up. Those performances were well rehearsed and there were no surprises. This separation could not have been more dramatic. With no other information about what had happened, the rest of us finished our lunch wondering what the new leaders of Singapore would have to do. That night, in my hotel room in Sydney, I watched Lee Kuan Yew cry on TV. The next morning, arriving at Singapore airport, while reading the local newspapers, I heard strings of loud crackers celebrating the island state's new freedom. We now know from Lee Kuan Yew's memoirs what he and his colleagues had to contemplate on that first day of independence. Other people have other memories. I went on to Kuala Lumpur that morning and, over the next few days, picked up versions of what led to Singapore's abrupt departure. Many questions surfaced. How secure was Singapore's future in the face of Konfrontasi from Sukarno's Indonesia? What will the new state do? What about the thrust of communist armies in the Indochina states? How will it survive as an independent state?

In 1965, the view from Singapore was clear: two Great Powers on the one side and over 100 major and minor nations on the other.

No doubt many more questions were asked. A variety of views seemed possible from Singapore, all of them rather grim. I think I have said enough to remind us of how unstable the world looked like in 1965. There were then only two Great Powers, the USA and the Soviet Union, and each had their allies and satellites. There was the United Nations, with its 115 equal nation-states, and Singapore became a UN member that September. In theory, the five permanent members on the Security Council were Great Powers, but few took that literally. In 1965, the view from Singapore was clear: two Great Powers on the one side and over 100 major and minor nations on the other. Universal membership of the UN ensured that Singapore was in the society of equals, but it was located in an unsafe neighbourhood. Identifying who was family and who could be friends, partners, even protectors, was the fate of all small nations. They had to make hard choices if they were given the chance to choose at

all. In any case, for most such states, each Great Power was too far away to turn to for help, or too great to care, or too powerful to feel safe with. It was essential to find lesser mediating powers that were managing less threatening gatherings of states, varieties of international and regional clubs and associations that a small state could safely consider joining. There had to be careful sifting of the multiple layers and networks that other states had created in order to find the best combinations that could enhance the sense of security in a turbulent Southeast Asia.

Fortunately, separation from Malaysia was amicable and Singapore could immediately join the Commonwealth of Nations as an independent member. This was a valuable club to join because its leader Britain could still claim the status of a historical power as one of the UN Security Council's permanent members. It had the added advantage of being on the side of one of the two Great Powers, the USA, without being under direct US tutelage. This gave Singapore room to manoeuvre in a divided region. Of course, not all regional organisations were helpful. For example, the Non-aligned Movement, created more problems than it could solve. SEATO, The Southeast Asia Treaty Organisation established by the Manila Pact in 1954, was too openly anti-communist. In any case, these had no lasting impact, nor could they assure safety in the face of confrontation by Indonesia. There was also Maphilindo (Malaysia, Philippines and Indonesia), an organisation based on common Malay ancestry, that Singapore could not belong to. In this context, Singapore enjoyed a bit of luck: seven weeks after it became an independent state, the coup in Indonesia removed Sukarno from power, and the way was paved for the Association of Southeast Asian Nations (ASEAN) to be established in 1967. Here was one more safety net for Singapore. With Suharto as the new leader in Indonesia, the Great Power that organisation identified with was the United States.

Was this enough to make the view from Singapore reassuring? Unfortunately not. The image of American power was severely damaged by the Tet offensive in 1968 in Vietnam and the political fallout within the US forced President Nixon to concede victory to the communists. Britain had compounded this by withdrawing its forces from its Singapore base. In 1971, Singapore joined Malaysia in seeking a formal parameter of defence with the support of Australia and New Zealand, and the Five Power Defense Arrangements (FPDA) was signed. This was an alliance partnership with firm and concrete commitments. Taken together with ASEAN and the Commonwealth, the arrangements provided a useful structure from which the new state could rescue its economy and begin to build a nation out of its many ethnic groups.

The neighbourhood, however, did not get noticeably safer. The Vietnamese nationalists and revolutionaries were winning. The only light at the end of the tunnel was the growing division between the USSR and the Peoples' Republic of China (PRC). That led to 'ping-pong' diplomacy, the secret visit of Henry Kissinger to Beijing in July 1971 and President Nixon's visit in February 1972. By that time, the PRC had replaced the Republic of Taiwan on the UN Security Council, significantly about the time when Singapore took further steps to consolidate the Five Power Defense Arrangements. Thus the view from Singapore was that the two Great Powers were both being weakened, the Soviet Union by its increasingly bitter quarrels with China, its Treaty partner, and the United States by defeat on the Indochina battlefields.

But there was no real change in the world that was dominated by two Great Powers. Certainly no power in Asia was in a position to gain at their expense. The spectacular growth in Japan's economy made it very influential, particularly in South Korea, Taiwan, Hong Kong

and Southeast Asia, including Singapore. But Japan was unable to translate its new wealth into power. China, on the other hand, was in the throes of the Cultural Revolution. Although its position in the UN was conducive to making more friends, the disruptive conditions throughout the country actually led China to become more isolated than ever. In any case, it wielded little power in the face of the two Great Powers and was forced to relax its hostility towards the US in order to protect its sovereignty.

Seen from Singapore, the emergence of the PRC as a player within the UN family did make a difference.

Seen from Singapore, the emergence of the PRC as a player within the UN family did make a difference. One after the other, Singapore's neighbours established diplomatic relations with China and this was a grave test to a state with a population that was predominantly Chinese. It raised questions that had deep roots in history, ethnicity and identity politics for the whole region. The very reason why Singapore was asked to leave Malaysia had now to be squarely faced. It was not a question of China as a great power; China obviously was not. The question was how the ethnic Chinese in the region would be treated and how they would behave if China's position in the UN Security Council should make the PRC more powerful in regional affairs. The Singapore Prime Minister visited Mao Zedong and assured him of Singapore's friendship although it could not establish diplomatic relations until after Indonesia had normalised relations with the PRC. Significantly, the five ASEAN members that had been hostile to the communist bloc moved quickly once they were certain that the shift in the US position was not merely tactical but strategic.

A weak China allied to the socialist family of nations from the late 1940s to the late 1970s gave time and opportunity for those of Chinese origin in non-communist states to integrate as nationals of new nation-states and seek to become core members of the business and professional middle classes. Singapore was a focus of attention where earlier perceptions of Chinese as chauvinists or communists were replaced by representations of Chinese as ruthless entrepreneurs who exploited the capitalist economies. After the economic reforms of Deng Xiaoping from 1978, questions pertaining to China's future Great Power status are now regularly raised. Here the view from Singapore identifies the key problem as one of easing a transition during which the sole Great Power, the United States, and major regional powers, including rising powers, adjust to rapid change without unnecessary tension and conflict.

Back to one great power

With that backdrop, what I have learnt from the Singapore perspective point to two principles. The first is,

Accept that there is only one Great Power for the foreseeable future

This is not a rigid position and would have to be monitored, but the relative 'greatness' index is actually not that difficult to determine. There have been recent assessments that point to the challenge of China and suggest that the US will not remain the sole Great Power for too long. China is certainly a rising power, but only a rising regional power and Chinese history

suggests that it would be an aberration for China to reach far beyond the region. Most of the projections of China's 'superpower' or Great Power potential consist of hyperbolic optimism or alarmist pessimism. They are based on assumptions that have no precedent in Chinese history and use modern analogies like the rise of Germany and Japan in the 20th century. These fail to underscore the disastrous endings to both those adventures and assume that the Chinese are stupid and will not learn from history about the dangers of nationalist and militarist power.

The second strategic principle is,

Involve as many international and regional groupings of nations in Asia as possible, including

All UN agencies; The Commonwealth connection where relevant; APEC with its strong Australian-Pacific linkages; The 'East Asian Community/Summit', that is, ASEAN plus 3/ and plus another 3; and the extensive ASEAN networks that are giving the region a pivotal position and also exploring linkages with other organisations like the European Union, the South Asian Association of Regional Cooperation, among others. By strengthening the networks tying the region to other regions, there could be a check not only on the rising regional powers but also on the Great Power itself.

These two principles are central to a mini-'grand strategy' (if one could call it that). Beyond that, there are other concerns that will engage all the nations of Asia. Let me cite two examples here:

Firstly, help the first modern regional power, Japan, to adjust to rapid change

The need for this has surprised me. Having grown up with the image of Japan as a military power that then swiftly converted itself into a global economic power, it is surprising that the Japanese should be fearful of anything. But China's economic performance since the early 1980s and the alarmist speculations about China's future power, with the potential even to challenge Japan's economic status, seems to have rattled parts of the Japanese elite. So much so that even the US–Japan alliance does not seem to be enough to lessen their fears. There seems to be a concern not to be sucked back into Asia that contradicts the urge to ride on Asia's recent economic growth. The contradiction is worrying because it is driving some of the leaders to deny their militarist and nationalist history and provoking reactions that could make their sense of insecurity even greater. This could destabilise the very networks that have been put in place to minimise negative responses of that kind. No one who has read about the astonishing achievements of the Japanese from the Meiji Restoration down to the 1990s could have expected Japan's dramatic loss of confidence during this past decade. Even now, I hesitate to suggest that the countries in the region should see what they could do to help the Japanese out of their bout of nerves.

Secondly, engage the rising power of China, one of the new regional powers

Given the presence of the US as the sole Great Power actively interested in the stability of the region, all the established networks mentioned above are confidently engaging China. This will ease China's efforts to be a responsible force committed to interdependent development. That will help the Chinese leadership face its own uncertainties of rapid growth, including the threats of environmental degradation, social unrest, and the staggering imbalances now apparent within Chinese society. State and nation building tasks are strikingly enormous problems for a slowly reforming Communist Party. The party has to find a new sense of direction in order to lead the Chinese people to tackle the very tough

challenges ahead. China needs the assurance of peace and stability to deal with the rising tide of ecological, social and political damage within the country. It is in the region's interest not to aggravate the conditions that the Chinese leaders face.

Two other points that the Singapore perspective highlights should also be briefly noted before I end. The first is,

Acknowledge India as another new regional power

This is happening and the Singapore perspective has been especially appropriate for recognising this. Perhaps the most important point of concern stems from the fact that India does not have the strong position in the United Nations Security Council that China has. Here India shares Japan's growing disgruntlement about the current international system. It is increasingly clear that both these regional powers in Asia will not be satisfied until they have attained a position at least comparable to that of China. This has become significant because it coincides with American dissatisfaction with the current role and effectiveness of the United Nations organisation structure. It means that the three, unlike China today, are not content with the status quo, albeit for different reasons. That all three share this view at the same time could lead to greater cooperation among them to change the status quo of the international system. There is great irony here because so much effort had been expended during the past decades to push China to become a status quo power. Now it would appear that it is China that wants the status quo to remain. All the same, all countries in the region recognise that India is bound to rise rapidly. Together with Japan, and backed by the United States, India will seek changes. It seems only a matter of time before the international system is reformed to satisfy their interests.

The second is,

Calibrate responses where the major regional powers overlap

As the overlap is likely to be centred on Southeast Asia, all the ASEAN institutions will have to be enhanced, and the sooner that is done the better. Singapore is in a good position to help strengthen the machinery to measure the pulse of the region with greater sensitivity. Singapore's growing activism has been identified as an important factor in the revived ASEAN. Its officials have involved themselves more than ever in the multiple tasks that ASEAN is now expected to perform. Singapore's most useful contribution may be to connect all the key strategic points in its century and a half history to the expanding needs of the regional organisations now emerging.

Let me end on a note that is particularly relevant to the Singapore perspective. In reflecting on the various powers in Asia, I am led back to the principle of the rule of law. This is not to advocate strict legalistic rules of sanctions and punitive actions between states. That I believe is totally counter-productive. Inter-state relationships are subject to complex factors that are often fluid and unpredictable. If legal issues are over-simplified or codified to be inevitably binding, all the states involved may be doomed to disappointment and a sense of let-down and betrayal. But all efforts at long-term cooperation require an overarching respect for legal procedures that can ease and reinforce cultural and customary, and even moral, concerns. That spirit will be essential to keep the peace in Asia and enable all nations there to regain their autonomy and self-respect.

JAPAN'S EMERGING SECURITY ROLE IN ASIA AND BEYOND

Masashi Nishihara

It is my great honor to be invited to this distinguished conference being organised by ASPI and to be given an opportunity to speak about Japan's changing strategic outlook and its emerging security role in Asia and beyond. I would like to begin by discussing Japan's strategic interests in Asia as well as its constitutional constraints on expanding its security role.

Japan's strategic interests in Asia

Japan is located geographically very close to the Asian continent and thus it was historically affected by the tensions and conflicts on the Korean peninsula and in China before World War II. For this reason, Japan often felt the need to militarily intervene in these two areas to maintain its own national security and generally was able to do so. This changed, however, after World War II, when Japan was defeated.

... Japan's security strategy in Asia has been to achieve political stability by helping build up the region through official development assistance, trade, and investment.

Since then, Japan's security strategy in Asia has been to achieve political stability by helping build up the region through official development assistance (ODA), trade, and investment. Japan calculated that improving the continent's economy was likely to enhance its political stability and promote foreign trade, particularly with Japan. In addition, economic assistance was a politically acceptable means for the Japanese people, who, after being defeated in the Pacific war, renounced the use of military force to settle international disputes. On the whole, this strategy worked. Japan's economic relations with Southeast Asian countries were a success story. Indeed, Malaysia's Prime Minister Mahathir Mohamad even adopted what he called a 'Look East' policy, which urged Malaysians to follow the Japanese model of development.

Northeast Asia, however, has been a far more complicated region for Japan. Even though Japan's economic relations with South Korea and China have contributed to their economic development, political conflicts between Japan and both South Korea and China have only aggravated its relationships.

The volume of Japan's trade with, and investment in, China and South Korea still is enormous. Tourism among the three countries is popular as well. But political tensions over Japan's interpretation of historical events, territorial claims, and the like continue.

To survive, Japan today needs secure supply lines of essential natural resources and industrial goods. Eighty-five per cent of Japan's imported oil comes from the Middle East, and around

25% of its trade is with Europe. Therefore, the sea-lanes between Japan and the Middle East through the Strait of Malacca and the Indian Ocean have always been a major security concern for Japan and the basis of its strong ties with the United States. In fact, Japan's alliance with the United States not only offers a counterbalance to any rising powers on the Asian continent but also helps protect the sea-lanes.

To survive, Japan today needs secure supply lines of essential natural resources and industrial goods.

This is why Japan provides the United States with bases and other facilities and why Japan has sent its ground troops and air units to Iraq and its naval ships to the Indian Ocean. A politically stable Middle East ensures a ready supply of oil for Japan. In return, Washington needs Japan as its key ally in Northeast Asia, to maintain the United States' influence over the Korean peninsula, the Taiwan Strait, China, the Indian Ocean, and the Middle East.

Unfortunately, Japan is surrounded by problematic neighbors—Russia, North Korea, China, and South Korea—and, of course, is a problematic neighbor for them as well. But Japan cannot resolve these problems by itself, so for that reason as well, its alliance with the United States is essential.

At the present time, these neighbors have been stirring up new security tensions. One example is that the Russian Government, under President Vladimir Putin, has hardened its attitude toward the disputed Northern Territories.

In addition, North Korea has threatened Japan with its missiles and nuclear program and its hostile stance toward Japan. Such action is intended both to isolate Japan in the six-party talks and to strengthen its future negotiating position with Japan over war reparations. The nuclear tests that North Korea conducted in October 2006 revived the call in Japan for nuclear armament or the capability to launch a preemptive attack on North Korea's missile sites. The nuclear armament issue died down after US Secretary of State Condoleezza Rice flew quickly to Tokyo and reassured the Japanese Government of the United States' guarantee of extended deterrence. But given the current precariousness of US–North Korean relations, many Japanese worry that the United States will eventually condone North Korea's possession of nuclear weapons. Will Japan then be confronted with a united, nuclear-armed Korea? Japan's relations with North Korea, therefore, represent a new strategic issue.

In recent years, China's economic influence over North Korea through exports of food and other necessities, plus its sizable investment in North Korea's mining operations, has grown and may cause new tensions between China and South Korea.

China is by no means an easy neighbour for Japan either. Its huge consumer market is understandably attractive. But when countries become more economically dependent on China through economic aid, trade, and investment, they also are drawn more closely to China's political influence. Indeed, Beijing has strengthened its political influence in Asia, Africa, the South Pacific, and Latin America. China is clearly trying to enhance both its political and economic presence around the world and to acquire new sources of energy and food. In 2006, it invited forty-nine African leaders to Beijing for a summit conference

and promised large investments and official development assistance. In that year, China also organised similar summit conferences with ASEAN leaders and with the Shanghai Cooperation Organization.

China's intrusion into Latin America is similarly alarming. For instance, it has installed a communications base in Cuba to gather electronic intelligence from US satellite communications. And in August 2006, President Hugo Chavez of oil-rich Venezuela made his fourth visit to Beijing since he took office in 1999.

China has intensified its military cooperation with Russia through substantial arms imports from Russia and joint military exercises. Beijing also has joined Moscow in criticising the United States' global hegemony. In addition, China has an impressive space program, which sent a manned satellite into space and also conducted a successful test attacking a satellite orbiting in space. China is reported to be building aircraft carriers, and there is every indication that it wants to develop a blue-water navy and an offensive air defense strategy to tip the balance of power across the Strait of Taiwan in its favor.

For the past nineteen years, China's defence budgets have expanded annually by more than 10%. In March 2007, China set its defence budget for fiscal year 2007 at about US\$45.6 billion, an increase of 17.8% over last year's budget. Even so, its real defence expenditure is estimated to be two to three times as large as its official budget, around US\$136 billion, compared with Australia's US\$15.1 billion and Japan's US\$41.1 billion in 2006.

In the next decade, there is likely to be more tension between China and Russia, on the one hand, and between the United States and Japan, on the other, particularly in regard to missile defence and submarines.

The strategic situation in East Asia therefore has changed with North Korea's acquisition of nuclear weapons and China's growing economic and military capabilities. As a result, Japan may be losing its military edge over China and Russia. Can it maintain the current balance of power? Must Japan accept China's dominance in the Asia-Pacific region? Deciding how to cope with these developments is now Japan's major strategic concern.

Abe's assertive diplomacy

Since Prime Minister Shinzo Abe took office in September 2006, he has taken several strategic measures to address these concerns in East Asia and beyond. In fact, one of his campaign promises was to conduct 'an assertive diplomacy,' and he so far seems to have taken several steps toward this.

First, Abe has improved Japan's relations with China and South Korea by not visiting the Yasukuni Shrine, a Shinto shrine for Japan's war dead that includes fourteen class-A war criminals. Moreover, China's President Hu Jindao today cannot afford to criticise Japan publicly because that may incite anti-Japanese demonstrations inside his country, which may then turn into demonstrations against his own government. Faced with the Seventeenth Party Congress planned for October 2007 and the Olympic Games in Beijing in 2008, President Hu cannot allow any internal political instability. For the time being, therefore, he will contain anti-Japanese debates and demonstrations.

Second, Abe visited Brussels last January to address a NATO meeting, expressing Japan's interest in working more closely with the organisation, which is based in the Atlantic region but has stretched its forces and influences to part of Asia, Afghanistan.

Third, the Japanese Government has advanced the concept of ‘an arc of freedom and prosperity’ stretching across Northeast Asia, Southeast Asia, South Asia, Central Asia, and Eastern Europe and has indicated that Japan wants to strengthen its ties with the young democracies in this arc.

Fourth, in March 2007 Prime Minister Abe and Australia’s Prime Minister John Howard signed a joint declaration of their countries’ security cooperation, promoting ‘comprehensive strategic relations.’ The declaration describes nine areas in which the two countries can cooperate, ranging from antiterrorist measures to responses to infectious diseases. The declaration does not mention Japanese–Australian cooperation in regard to China because it is not a military alliance. The two countries do, however, have a tacit understanding that they should work together more closely as two stable Western Pacific democracies.

Tangible Japanese–Australian cooperation on security issues dates back to 1992 when UN peacekeepers, known as the UN Transitional Authority in Cambodia (UNTAC), began operations in Cambodia. UNTAC was a well-run team led by the civilian head of UNTAC, Yasushi Akashi of Japan, and the military commander of the peacekeeping operations, Lieutenant General John Sanderson of Australia. Japanese and Australian forces also closely cooperated in operations in East Timor. The two forces worked together as well in southern Iraq and in tsunami-stricken Aceh in late 2004. Finally, in 2005 when China wanted to convene an East Asian summit meeting of the ASEAN ten plus Japan, China, and South Korea, Japan counterproposed a meeting of the ASEAN ten plus six, by adding Australia, New Zealand, and India, thereby reducing China’s dominance over the meeting and balancing the power relations within the participants of the meeting.

Fifth and last, Abe plans to visit India in August 2007. His trip is intended to be more than just a reciprocation of Indian Prime Minister Manmohan Singh’s visit to Japan last fall. Instead, Abe would like to form a strategic partnership with India. Japan, however, is restricted from selling arms and does not fully support the US–Indian nuclear agreement, factors that may well slow the development of a bilateral relationship with India. In any case, the prime minister’s visit to India is a new strategic move by Japan.

By promoting close ties among the democracies in the ‘arc of freedom and prosperity’ and the Pacific region, Japan can help control China’s growing influence in the region.

The implications of Prime Minister Abe’s strategic steps toward Asian Pacific security and even global security are notable. By promoting close ties among the democracies in the ‘arc of freedom and prosperity’ and the Pacific region, Japan can help control China’s growing influence in the region. In sum, Japan’s policy is designed to ensure that the United States will remain a major player in the region and to offset China’s influence. In addition, its alliance with the United States will accord Japan more influence.

Constitutional revision and the Abe Government

Whether Japan can play a great, useful role in international security depends on the controversy over its constitution. Japan’s current constitution was promulgated in 1947 and

has not been amended since then. But successive Japanese leaders have felt constrained by the impracticality of Article 9 and thus have modified its interpretation. For instance, Article 9 renounces 'the threat and use of force as a means of settling international disputes,' which for many years prohibited the Japanese Self-Defense Forces (SDF) from participating in UN peacekeeping operations. Then in 1992 the government reinterpreted Article 9 to allow its Self-Defense Forces to participate in UN peacekeeping operations as long as their activities were confined to nonmilitary missions such as rehabilitation and humanitarian support and as long as they carried only light arms. That year, for the first time since 1945, Japanese forces were dispatched overseas, to Cambodia.

Abe's predecessor, Junichiro Koizumi, was criticised by opposition parties and antiwar groups for sending troops to the Indian Ocean to assist other friendly nations fighting the Taliban forces in Afghanistan and to engage in humanitarian and rehabilitation activities in Iraq. Koizumi's defence was that SDF troops were sent only to noncombat areas. Although this was a difficult decision for him, his success in bringing about Japan's economic recovery enabled his popularity rate to remain quite high.

Since 1945, Japan has adopted many other self-imposed security policies. For example, it has a strict ban on exporting arms, demonstrating its pacifist position. A resolution by the National Diet limits Japan's use of outer space to only peaceful purposes, thereby prohibiting it from launching an intelligence-gathering satellite.

Japan is slowly becoming 'a normal country' like other democratic countries, but in my view it is still far from a normal country. Although Abe has been in office for a bit less than a year, he already has done a lot to provide the basis for building a respectable Japan, or to make Japan a little more normal country. For instance, he has enacted a new law establishing a Japanese version of a National Security Council and has strengthened the office of prime minister in relation to other cabinet posts. Abe also has elevated Japan's Defense Agency to the Ministry of Defense, a revision that has been needed for many years, but he was the first prime minister to be able to do so.

Abe's next step is to revise Japan's constitution and gradually modify its defence role. Accordingly, the constitutional revision should have been a major campaign issue in the Diet's upper house elections on 29 July 2007. Currently, however, an extensively mismanaged pension system has dominated the campaign.

A challenge for the prime minister thus is when he can actually revise Article 9 of the constitution. The legal procedure for amending the constitution is extremely complicated. Any proposed revisions must be supported by a two-thirds majority in both the lower and upper houses of the National Diet and must receive the support of a majority in a national referendum. Today, Japan's coalition government has a two-thirds majority in the lower house but not in the upper house. How the ruling coalition parties fare in the July 2007 election will influence subsequent constitutional debates.

Abe has organised a task force to examine whether a new interpretation of Article 9 would allow Japan to exercise its right to collective self-defence and thus strengthen its alliance with the United States. The task force should finish its report in the fall of 2007. Japan's constitution is not interpreted to give it a right to collective self-defence. Thus the current government position is that American forces will help defend Japan if the latter is attacked but that Japanese forces cannot come to the aid of American forces if the United States is

attacked. The reasoning is that by assisting American forces, Japan would be exercising its right to collective self-defense. Abe is trying to correct this unrealistic interpretation.

Another example is the future of Japanese–Australian relations. Since the two countries have signed a joint declaration regarding security cooperation, some people may argue that it should evolve to be an alliance between Japan and Australia. Today, Australia’s navy and air force can come to Japan for joint exercises, but if they were to seek Japanese support for its operations in Northeast Asia, Japan would have to refuse because it would be exercising its right to collective self-defence, which, again, is currently interpreted as unconstitutional.

Only when Japan has modified its interpretation of Article 9 or revised its constitution can it allow Australia to use Japanese bases and allow itself to support Australia’s operations in Northeast Asia. Only then will a bilateral alliance become possible.

Concluding remarks

As I have stated, there are many strategic uncertainties in the Asia–Pacific region, and a key to these uncertainties is the evolution of US, Japanese, and Chinese relations. But I am hopeful that this triangular relationship will become stable, despite the many areas of uncertainty—the Korean peninsula, the Strait of Taiwan, and China’s military posture and capabilities. In the future, the rivalry between the US and Chinese navies may become more intense, and the Japanese, Indian, and Australian navies may join them. And new tensions may also arise between Chinese and US and Japanese missile defence systems.

Security issues in the region, however, should not be confined to strategic issues. We must pay more attention to nontraditional security issues such as climate change and transnational crimes, as well as terrorist attacks by non-state actors.

Finally, Japan should engage these issues and allocate more of its resources to them, in order to fulfill more international responsibility for regional and global security.

PANEL: GOVERNANCE AND SECURITY IN THE SOUTH WEST PACIFIC

This session deals with the South West Pacific. There has been continuing instability in New Guinea, coups in Fiji, intervention in the Solomon Islands, constitutional problems in Tonga resulting in the street violence, and continuing issues of corruption in Vanuatu. We've also probably seen the region's first failed state emerge, and that's Nauru. The panel of experts address issues of governance and security in the South West Pacific. Transcripts of the open forum discussion can be found on the ASPI website.

Stewart Firth

1. What are the key influences on political stability and instability?

1. Constitutional status

Some groups of Pacific islands are territories, some in free association, and some independent. Generally speaking, an external constitutional or treaty connection means a higher standard of living and greater political stability. The territories of external powers are heavily subsidised by home governments in Paris, Washington and Wellington.

The freely associated states—Palau (pop. 20,000), Federated States of Micronesia or FSM (110,000) and the Marshall Islands (56,000) with the USA and the Cook Islands (13,500) and Niue (1,600) with New Zealand—benefit from subsidies and from their citizens' freedom to enter, work and live in the metropolitan states that are their patrons. The politics of the territories and freely associated states, then, are conducted within the wider framework of the politics of France, the USA and New Zealand. Once we account for the eight territories (American Samoa, French Polynesia, Guam, New Caledonia, Northern Mariana Islands, Pitcairn Islands, Tokelau, and Wallis & Futuna) and five freely associated states (Cook Islands, Niue, Palau, FSM and the Marshall Islands), we are left with the nine independent countries where most Pacific Islanders live (Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu).

Independence means surviving on one's own. Independent Pacific governments receive aid but their budgets are not permanently underwritten by other governments, nor can their people enter New Zealand or the USA as of right. Living standards are therefore generally lower in independent Pacific countries than elsewhere in the region, and much lower in Papua New Guinea, Solomon Islands and Vanuatu, where the vast majority of people still live a subsistence life supplementing it with cash.

Independence means a greater risk of political volatility. Three of the nine independent Pacific countries—Samoa, Tuvalu and Kiribati—are models of stable democracy and have been so ever since decolonisation. Another four—PNG, Vanuatu, Tonga and Nauru—have a consistent record of changing governments constitutionally but have confronted other problems such as corruption, weak central authority, lack of accountability and social unrest. Two countries, Fiji and Solomon Islands, have experienced coups and Fiji can be said to have developed a 'coup culture'.

2. Cultural heritage

Melanesian societies seem peculiarly unsuited to meet the demands of modern nation-state. The cultures of Melanesia outside Fiji are characterised by small-scale societies of related kin, numerous languages (820 in PNG alone), leadership based on achievement rather than ascription, and political loyalties that remain intensely local. In PNG, Solomon Islands and Vanuatu, a sense of national identity has been slow to form, and successful politicians are those who respond not to national needs but to the particular demands of the kin group who voted for them. These three Melanesian countries are states defined by territory rather than by national identity, and the result is ineffective or absent government, amounting almost to state failure in Solomon Islands. They are strong societies (hundreds of them) and weak states. Fiji and the countries of Polynesia and Micronesia, by contrast, were traditionally home to cultures of hierarchy, rank and inherited chiefly authority, often giving rise to larger scale societies that in some cases came to resemble the state. Here there has been a smoother transition from traditional forms of government to the hierarchy and specialisation of the modern state.

3. Colonial history

The colonial legacy differs from country to country. Fiji, Polynesia and Micronesia have a longer history of contact with the outside world than most of Melanesia. Tonga had its own modern constitution by 1875. Fiji's Council of Chiefs was meeting in regular session, with agendas and minutes, by 1876. Yet further to the west in Melanesia developments of this kind did not come until the 1950s. Europeans extended control over New Guinea only slowly, taking until the 1930s to reach the Highlands—home to a million people—and until the 1950s to establish authority over the region. Most PNG Highlanders experienced colonial administration as a transient phenomenon lasting a couple of decades before independence in 1975.

4. Rate of population growth

Population growth influences political stability. The population is growing much faster in PNG, Solomon Islands and Vanuatu than in the wealthier countries to the east. PNG has the highest fertility rate in the Pacific Islands and is projected to double its population to 12 million by 2032. In all three countries cash-paying jobs can be found for only a small minority of young people, and young men in particular are easily recruited to gangs, criminal activities and violent political causes.

5. Access to labour markets outside the region

Access to the best-paying jobs for Pacific Islanders differs markedly from one sub-region of the Pacific to another. These jobs are not in the Islands but in New Zealand, Australia, the USA, the Middle East and elsewhere. Tongans and Samoans have long been able to work in New Zealand and the USA, and Fijians have in recent years worked in large numbers as guards and escorts for security firms in Iraq. Many young men of Kiribati and Tuvalu, similarly, work around the world in the merchant marine. In all cases, Pacific Islanders add to family income by sending remittances, which are major sources of national income in Tonga, Samoa, Fiji, Kiribati and Tuvalu. The people of the poorest Pacific countries—PNG, Solomon Islands and Vanuatu—have comparatively little opportunity to work abroad and earn remittances, yet remittances are not aid, are not channelled through bureaucracies and tend to reduce income inequality.

6. Globalisation

Globalisation is both a positive and negative force in the region. Labour migration, for example, boosts Pacific economies. Changes in trading arrangements, however, can have a negative impact, as we see in Fiji in the case of the sugar and garment industries. Sugar is threatened by free trade with the European Union, ending more than 30 years of special sugar prices, and garments are already declining under the impact of the end of the Multi-Fibre Arrangement in 2005. Inflation is increasing in Fiji and the Reserve Bank of Fiji is struggling to maintain foreign currency reserves, and the reason is not just the coup. There are deeper structural reasons to do with the decline of sugar and garments as sources of export income.

7. HIV/AIDS

In part because the PNG health system is in disarray, HIV/AIDS is spreading rapidly among a population with male-dominant cultures that hinder counter-measures. Unofficial figures in parts of the Southern Highlands suggest HIV infection rates of sub-Saharan proportions—30% and above—among young people, though rates throughout the country are much lower. Where health systems are better, as in Fiji, Samoa and Tonga, HIV infection rates are much lower.

2. What is the present situation in the five Pacific countries that have experienced political instability or social disorder in recent times?

1. Fiji

Fiji is not a weak state. Fiji is a weak democracy.

The Republic of Fiji Military Forces under their commander Commodore Frank Bainimarama emerged from the events of 2000 no longer accountable to government but rather an independent force in Fiji politics. When the government sought to end the commander's employment in 2004, he compelled it to back down. The commander felt increasingly free to comment on government decisions and appointments, and was outraged when the government proposed a Promotion of Reconciliation, Tolerance and Unity bill that would have created amnesties for the coup rebels of 2000. From the end of 2004 until the elections of May 2006 he waged a public campaign against the government on this legislation and other proposed laws and appointments. He purged the military forces of opponents, dismissing senior officers who refused to pledge personal allegiance to him, and eventually declared that he no longer recognised the authority of the government over the military: 'The Military now is on its own and is not answerable to anyone'.

Even before the elections of May 2006, then, the scene was set for another coup; and when the prime minister and his party were returned to office despite the commander's campaign against them, military intervention was only a matter of time. It came on 5 December 2006, and led to the installation of an interim government with the commander as prime minister, the defeated Labour Party leader and former prime minister Mahendra Chaudhry as Minister of Finance and a number of other unsuccessful politicians as ministers. The new government sacked most heads of government departments and state-owned enterprises. A top military officer became police commissioner, and loyal officers were rewarded with promotion to higher rank.

Fiji's latest coup is different from earlier coups, which were all justified as necessary to defend indigenous rights. Bainimarama instead says he is cleansing the body politic of corruption and restoring 'good governance'. International reaction to Bainimarama's action has been uniformly negative, and, under pressure from the European Union and other donor states, the Fiji Government has agreed in principle to holding democratic elections by early 2009. Bainimarama has promised to provide 'a clear mandate' for politicians to follow in the next democratic government, meaning that the military will guide the government from behind. Fiji's newest coup suggests that no future democratic government will be able to govern for long without military approval.

2. Tonga

Tonga is not a democracy. Tonga is a kingdom where the monarchy is under challenge.

The Tonga riots of 16 November 2006 took everyone by surprise, not least the Tongans themselves, whose history since the formation of the modern kingdom in the nineteenth century has been one of notable political stability under a succession of hereditary monarchs. The riots were estimated to have caused losses to businesses in Tonga of more than US\$60 million, with 153 businesses affected, 700 job losses and incalculable damage to Tonga's international reputation. In the wake of the riots, Australia sent 50 troops and 35 police, and New Zealand sent a further 60 troops to secure the airport. Emergency powers were declared, and then extended each month, hundreds of rioters were arrested and the authorities have curbed the press.

Signs of unrest were evident in Tonga for years, especially in 2005 and 2006, which were notable for protest marches, unprecedented demands for democratisation, public complaints about the corruption of the royal family, and a major public service strike. The strike, which began in July 2005 and did not end until September, was provoked by a new stage in the government's Economic and Public Sector Reform program and succeeded in gaining a promise of large and unaffordable increases in salaries for employees in the country's over-staffed public service. The reform, which widened salary inequalities and envisaged privatisation of public enterprises, might just have been acceptable in a different political climate. But commoner Tongans were outraged at the salaries being paid to Crown Prince Tupouto'a and other executives of Shoreline, the privatised Tonga power monopoly. And they knew of the wealth accumulating in the coffers of Princess Salote Mafie'olilevu Tuita, chair of the board of Tongasat, which controls the country's nine geostationary satellite orbital positions.

Tonga faces a fiscal as well as a political crisis. Government revenues have fallen, and the country is seeking assistance from new sources, among them China, which committed aid worth 20 million yuan or US\$2.5 million to the tiny kingdom in 2007 as part of a general policy of increasing Chinese influence in the South Pacific. Tonga plans to seek a Chinese loan of US\$60 million to assist in the reconstruction of the capital Nuku'alofa. The country remained in a state of emergency in mid-2007, but there were signs that political reform would come. A National Committee for Political Reform reported in 2006, and the monarchy is likely to survive in the long term only by making concessions to its democratic critics.

3. Solomon Islands

Solomon Islands remains a weak state, but is much stronger for having had the Regional Assistance Mission led by Australia.

‘Building the state’ and restoring stability to Solomon Islands is no easy task. Serious riots erupted in Honiara following the elections of April 2006, destroying much of the capital’s Chinatown district and forcing the evacuation of hundreds of Chinese who played a key role in its commercial life. The 2006 riots showed that the regional assistance mission, which has no deadline for departure, is likely to remain in Solomon Islands for years to come.

The key problems for the Regional Assistance Mission are:

- (i) the ambiguity surrounding its role and authority. To what extent must it respect the sovereignty of the Solomon Islands Government when respect might mean continuing bad governance? The prime minister Manasseh Sogavare has been testing the limits of RAMSI for a year—in the Julian Moti affair, the expulsion of the Australian High Commissioner Patrick Cole and in his attempt to re-arm a section of the Solomon Islands police.
- (ii) the political consequences of continued tropical logging by Asian timber companies, which corrupted the elite in the first place. RAMSI needs a new economic policy for Solomon Islands.

4. Nauru

Nauru is a tiny island democracy which has gone bankrupt and is recovering.

The shock of economic collapse in Nauru has produced public pressure for a revised constitution with a popularly elected president, an ombudsman, an independent auditor and strict accounting of all public revenue and expenditure. Nauruans voted earlier this year to elect members of a Constitutional Convention which was expected to make changes of this kind. The key document in Australia’s relations with Nauru is the 2005 Nauru–Australia Memorandum of Understanding (MOU) for Development Assistance to Nauru and Cooperation in the Management of Asylum Seekers. The refugee processing centre adds \$7 million to the \$20 million Australia gives in aid each year, and Australians are now in key line positions reforming the government of the island. Phosphate mining on a limited scale has recommenced.

Nauru is small enough to Australian assistance to be transformative, and poses no regional security problem.

5. Papua New Guinea

Papua New Guinea is a state that is still under construction, the task not having been completed at independence. Papua New Guinea’s fate is entwined with Australia’s.

By 2007 an estimated 15,000 to 20,000 guns were said to be held in the PNG Southern Highlands Province. Many people carry guns routinely, and safe passage is guaranteed only to those with armed protectors. Selling guns is a useful source of cash for some villagers, who obtain them from soldiers in the PNG Defence Force or across the border in the Indonesian province of Papua. States of emergency regularly declared in the province by the central government have little effect.

Southern Highlands is the extreme case, but government is variously ineffective throughout the country. PNG has about half the number of medical aid posts it had thirty years ago. Most people have no electricity or piped water, and while schools have multiplied since independence, only a minority of children go beyond primary level. Roads are in poor repair, and many villagers' access to markets has diminished.

Since polling in PNG's elections started last weekend, many eligible voters have claimed their names were missing even though they have enrolled. The problem for PNG, once again, is one of capability: the electoral roll misses many voters and includes many twice or more.

PNG matters strategically to Australia more than any other Pacific Islands country, and also confronts the most serious problems of government decay, threats to personal security and HIV/AIDS, even though it is a diverse country with many successful communities. The Enhanced Cooperation Program with PNG is vital to the future of the country, and Australia needs to commit itself to continuing extra assistance beyond the end of that program in 2009.

3. What is Australia doing to help? What else should Australia be doing?

Australia is becoming a hands-on supervisor of governance reform in the South Pacific, not only in Solomon Islands and Papua New Guinea, but in Nauru and other states as well. In Canberra the departments of the attorney general, finance, and treasury have established specialised South Pacific units, and the Australian Federal Police, who are playing an increasingly important role in the region, now have an International Deployment Group. AusAID, the Australian aid agency, has a continuing Pacific focus. The Australian Defence Force has been deployed to Solomon Islands, Tonga and to the waters of Fiji in the last year. 140 troops remain in Solomon Islands.

What else should Australia be doing?

- (i) giving more infrastructural aid, and offering less good governance preaching
- (ii) giving more assistance to cope with the transition to free trade, especially in Fiji, where new arrangements threaten the sugar and garment industries
- (iii) focusing on alternatives to logging for the Solomons economy
- (iv) further regionalising engagements such as RAMSI, so that South Pacific states have a stake in security solutions, and also because of the success of Pacific Islander soldiers and police in regional operations such as RAMSI
- (v) accepting limited seasonal labour schemes of the kind now being run by New Zealand in both Solomons and Vanuatu
- (vi) paying more attention to good bilateral relations, especially with PNG.

Ben Reilly

I'm going to try and follow on from what Stewart was saying. I have to say I think Stewart has done a terrific job in really covering an awful lot of issues of some complexity quickly and well.

I'd like to just talk a little about the governance and political side of the problems in the Pacific and then also say a few words about the strategic challenges for Australia that the region is likely to have for us. Just to give you a bit of a sense of where I'm coming from, I'm director of the Centre for Democratic Institutions, which is the Australian democracy promotion organisation set up by the Australian Government back in 1998, which was the year Suharto fell in Indonesia, and I think that had a lot to do with it. Our mandate is to try to strengthen the fragile new democracies in the Asia-Pacific region and we have a contractual mandate to focus on Indonesia, East Timor, Papua New Guinea, Solomon Islands, Vanuatu, Fiji, which are, of course, the countries that immediately encircle Australia, and to try particularly to strengthen two institutions of democracy in those countries, one being parliaments, the actual parliamentary systems, including working with parliamentarians, and the other, slightly more controversially, political parties. There's a real push at the moment from various avenues to try and build stronger political parties throughout the region. Particularly in Melanesia, parties are almost non-existent in the way we would conventionally think of them. I'll say a few words about the problems that that lack of a stable political order can have for broader questions of governance.

Starting with democracy—and Stewart sketched out the situation—I think it's worth noting that despite the current problems in places like Fiji, the Solomon Islands and so on, if you look at the South Pacific region in comparison to other comparable developing world regions and other comparable countries in those regions—Africa, the Caribbean—the South Pacific has a very impressive record of democracy. Indeed, until the recent transitions in Asia, most of the longer standing democracies were actually found in the south-west Pacific. So you've got a country like Papua New Guinea, for example, it's had over forty years of continuous elections, basically free elections, with many problems, but essentially free; a very free press—incredibly free, actually. You wouldn't want to be on the end of a serve from one of the Papua New Guinea newspapers. It has had functioning and free judiciaries and complete freedom of association in speech and so on. That holds true for most of the Melanesian Pacific, which are the countries of most direct relevance to Australia. It holds less true for the Polynesian countries, particularly Tonga and also, to a lesser degree, Samoa, which are more a New Zealand sphere of influence.

So the countries of immediate importance and relevance and geographic proximity of highest importance to Australia have, for the most part, been democratic. What they have not done is translated that record of democratic government into development, into what we currently term—I hate this term—good governance, and into a better life for their people. This is the fundamental conundrum facing governance in the Pacific.

I'm going to share a little secret with you, nobody knows what to do about it, because it confounds a lot of our conventional explanations of how things are supposed to work. We tend to believe—in fact, we believe it so implicitly that we often don't articulate it—that if you have a system of government that allows regular elections, competition, freedoms of press, freedoms for business and so on, that you will get over time a degree of development, and things will get better.

What we've actually seen in the Pacific is that with all of those basic freedoms and at least the formal institutions of democracy in place, things are getting worse for ordinary citizens.

What we've actually seen in the Pacific is that with all of those basic freedoms and at least the formal institutions of democracy in place, things are getting worse for ordinary citizens. The average citizen in Papua New Guinea now is poorer than they were at independence from Australia, which is just a disgrace, frankly, and you have a similar situation in Vanuatu and in the Solomon Islands.

Economic growth rates have been very weak over quite a long period of time. Interventions such as the RAMSI operation in the Solomon Islands have indeed helped to turn things around, but there's a real question about whether in the longer term when RAMSI finishes up and comes back there will be any fundamental change that's really embedded or whether Solomon Islands politics will just revert to some of the old practices.

So I think this conundrum, if you like, represents the most essential, the most basic security challenge facing the region and facing Australia. And, as I said, I think there are a lot of initiatives going on in the region, but no-one's really quite got to the bottom of why governance is so poor. Stewart did mention the fact that Melanesian societies in their very nature, in their highly tribalised, fragmented, clan-based forms of social organisation appear to be particularly ill-suited to modern statehood. I think that's correct. I actually think the extrapolation from that insight is that these problems are likely to be with us for many decades, because until the social structure that determines a lot of political behaviour in a country like Papua New Guinea starts to become less salient, less influential, I don't think a lot of the broader governance problems that we see are likely to change.

Let me just say a few words about that particular issue, because I think it lies at the heart of the governance problems in the region. We assume, again often implicitly, that if you have a democratic system of governance and you have free elections and you have a bad government—and certainly there have been numerous examples of appallingly bad governments in Melanesia in general and PNG in particular—that those governments will be thrown out, that people will react to the fact that they're getting poorer, that their roads are falling apart, that they can't get a job, and when they get a chance to vote they'll get rid of that government, and at least there's an accountability there. In the Pacific, what happens is that bad governments are no more likely to be thrown out of office than good ones, unfortunately. That's because elections are really not about policy distinctions or competition between party manifestos. They're local level contests normally for clan power and to try to get your guy—and it nearly always is a guy—the guy from your clan into parliament and for him to then get whatever goods he can get his hands on from his probably one term in the national parliament and deliver them back to the clan. Now that's totally different from our way of thinking about how elected democracy is supposed to work. But this has now become—and this is part of the problem of having quite an extensive record of democracy in these countries—a very institutionalised way of politics in these countries. It's the game—it's the way the game works. It means that there's little

in the way of electoral accountability facing particular governments, particular members, and that although there is great demand for improvement in basic services such as health, education, law and order and so on, those demands are extremely hard to articulate through the electoral process. There's an election going on as we speak. There have been no policy debates between different ideologies or different policy positions. Essentially everyone has the same policy in PNG. Everyone is arguing for better development, less corruption, clean government and so on. But there's no real contest for ideas or indeed for policy.

Ethnic and regional ties often matter far more than any others. As a result, governments and the political systems have struggled to deliver public goods of any sort to their constituents.

Another part of the picture, the problem, is that political parties remain incredibly weak. Again, this, I think, comes back to the nature of the societies themselves—little in the way of any clear ideology, historically a great deal of instability in parliament, members shifting from one party to another and then back, which is one of the reasons there's been so many changes of governments in some of these countries, as Stewart noted. Ethnic and regional ties often matter far more than any others. As a result, governments and the political systems have struggled to deliver public goods of any sort to their constituents. The problem is we seem to be trapped. This has become a kind of dysfunctional equilibrium in many parts of Melanesia. You could look at this as a glass half full as well. I think it's very unlikely that the coup and the emergence of Commodore Bainimarama in Fiji could be replicated in a place like Papua New Guinea. I've never thought that that's something that is a major threat because the kinds of divisions that afflict government also afflict the armed services, the police force, and so on. This level of fragmentation along ethnic lines has some benefits as well as creating many problems.

On the positive side, I think I'm a little bit more optimistic about PNG in particular than Stewart. I think one of the things we've seen in PNG in the past couple of years is serious attempts to reform the system internally. These are much more important than anything that external actors like Australia can do, I think. So there have been major changes to the electoral law to try to create more representative members being elected and possibly also lower levels of electoral violence. There have been major changes to try and force political parties to start acting in a more disciplined way both in parliament and in the community as a whole. Despite, I think, widespread reservations about Michael Somare as a prime minister, the fact is his government was the first that there's ever been in PNG to last a full term of parliament without being overthrown on the floor of the house.

So I think there are some encouraging signs in PNG, in particular, about indigenous attempts to reform the system and push things in a slightly more positive direction. Whether these are enough to turn things around I think remains an open question, and whether we'll get similar kinds of reforms, which I think are sorely needed in places like Solomon Islands, as well is also an open question. One thing that always strikes me working in the Pacific region is that there's far more capacity for talented people to come through the ranks in,

say, Papua New Guinea, partly because it's such a big country, than there are in some of the smaller Pacific countries, where really there is a basic problem of enough talent.

So if I had to give an overall prognosis in terms of the governance situation facing the region, I would say that Melanesia is stuck in a kind of strange, dysfunctional equilibrium that has now become embedded, institutionalised and therefore very difficult to change. The style of politics that has emerged has seen local culture and introduced institutions merge into something that's outwardly familiar—elections, parliaments, people going through the machinations of government—but that don't actually produce any of the public goods that those institutions are designed to deliver and assumed to deliver.

However, despite this, I think it's also unlikely that we will get a Fiji style coup as a circuit-breaker. So really we're looking at muddling along. If you go back and look at I think a strategic analysis of the Pacific say ten years ago, you would have heard something not so dissimilar.

Finally, what are the broader strategic challenges for Australia in the region? Well, in one sense, you know, I think the fact that Melanesia, in particular, is trapped in this dysfunctional form of politics is obviously a huge problem for Australia. On the other hand, we've so far managed to actually insulate Australia from a lot of the direct consequences of these problems. We chose to send the troops into Solomon Islands after a number of requests from the Solomon Islands Government, but we didn't have to. The spectre of a terrorist group or something setting up in the Solomons aside, there really were few direct threats to Australia from the precipitate decline in governance in that country.

Similarly in PNG, I don't see major serious challenges for Australia coming about directly because of the governance problems there. I think we're more likely to see challenges to Australia coming for other reasons. Stewart mentioned one of them, the population explosion in PNG. PNG is a big country and getting bigger very fast. It's already twice the size of New Zealand. If it does indeed have 10 million people in another decade or two, that is going to put all sorts of pressure on not just internal services; it's going to put a huge amount of pressure on the maritime border between Australia and PNG. That border, by the way, is the dog that didn't bark in the night. Given the wealth disparities between Australia and PNG, that relatively narrow maritime border, which can be crossed relatively easily in a small boat—some people claim it's even swimmable—should be like the US–Mexico border. And it's not. There is some movement across it, but nothing like the vast numbers of illegal immigrants that the US has. That may well change given what's going on in PNG, because PNG is likely to become both much more populous and poorer. That's a dangerous combination.

The second strategic challenge for Australia—hard to believe why anyone would want to, but there are external powers that are interested in the region. Two things are going on in the Pacific at the moment in terms of major external powers. One is that the US has for all intents and purposes taken off. It's closed a number of its embassies, it's pulled out a lot of its scholarships. This is not a part of the world that is accorded any kind of priority by the Americans—for obvious reasons; they've got plenty of other problems. In fact, I don't know if we have any of our American experts here, but I think it would be hard to conceive of a part of the world that has a lower strategic priority for the Americans than the South Pacific. Anyway, we're down the bottom of the list.

At the same time the Chinese are coming in. Chinese business interests are coming in. The Chinese Government is coming in—it's coming in for a variety of reasons. It's coming in to fight with Taiwan for diplomatic recognition. It's coming into places like Papua New Guinea because, like Africa, there are lots of resources in PNG. China just opened its own nickel mine in PNG and I think we'll see many more resource-based developments coming from China, in particular. And I think there's also a broader longer term strategic issue for China. The South Pacific is nowhere near the top of the list for China either, but it is in China's broader backyard and I think as an emerging Asia-Pacific power China wants to have a presence in the region and has been extremely successful diplomatically in establishing a presence in a pretty short period of time.

... we're facing this difficult situation where we're putting more and more resources in from government while at the same time the average citizen has less and less connection and I think often less and less interest in the region.

The final problem facing Australia—again Stewart alluded to this a little bit—we now have so many government agencies involved in the Pacific, so many initiatives—we're talking about doubling the Australian aid budget, a great deal of which will inevitably go to the Pacific, various bits of ANU and so on. There's an enormous focus on the Pacific from government, but this focus is not complemented by a similar degree of interest and engagement from the general public. Anyone who has worked in the media and tried to get media stories on PNG or somewhere else in the Pacific knows this. I mean, it's just not a region that the average person on the street engages with. I think this is partly generational. People of my father's generation would often have worked in PNG or somewhere similar, have spent time there. That's just not the case anymore. So we're facing this difficult situation where we're putting more and more resources in from government while at the same time the average citizen has less and less connection and I think often less and less interest in the region. I think that's a very difficult, problematic situation for Australia.

Finally, there is the conundrum of aid itself. Obviously we need to be putting aid into this region for a whole range of reasons. But more money coming into the Pacific does not necessarily equate to better outcomes, and in part because of this weird kind of dysfunctional democratic politics that has emerged in the Pacific, quite often more money coming in simply becomes another resource for politicians to try and grab and feed back to their own tribal or ethnic groups and not really use for the development of the country as a whole. So I think we in Australia have to be very careful—we've got a booming economy, we've got a growing aid budget. Clearly the Pacific is beset with many problems, but I think we have to be very strategic about how we put more money into the Pacific, because people who work there today will tell you that a lot of the time the money that goes in, a lot of the time it does good, but a lot of the time it gets diverted for other purposes as well. If we're talking about doubling the amount of money we're putting in, I think we'd have to have a very hard think about getting the sorts of results we want out of it.

Elsina Wainwright

I would like to talk about the challenges for Australia of assisting with governance and security in the South West Pacific, and I will focus in particular on Australia's involvement in Solomon Islands and Papua New Guinea. Some of these challenges have become ever more apparent over the last eighteen months, with the post-election riots in Honiara and ongoing tensions in the Australia–Papua New Guinea relationship.

The first challenge is the scale of the task, both in terms of complexity and duration. In terms of complexity, we have heard from Stewart Firth and Ben Reilly about the profound, multilayered weakness of some states in the region, with weak institutions of governance, poor human capacity, young unemployed populations, and law and order problems. In terms of duration, leading researcher Paul Collier has also done some interesting work on how fragile states remain fragile for around fifty years. So this is a very long-term kind of enterprise that Australia has sought to embark upon.

There is also the problem of critical mass. These are small countries—although their populations are growing rapidly—and they have small economies when you compare them to the rest of the world. Solomon Islands, for example, has a population of around 520,000. The Regional Assistance Mission to Solomon Islands (RAMSI) can fulfil all of its objectives as it seeks to maximise the Solomon Islands economy and still there is a real risk that it might not be enough to make the Solomon Islands economy a going concern.

The second problem is the challenge of promoting good governance in these countries. The promotion of good governance is a focus of Australia's aid program, as it is a focus of most of the traditional donors worldwide at the moment. Accordingly, a lot of money is going into the promotion of good governance in the South Pacific and around the world. But it has thus far been hard to prove that this money has had great effect, and assistance with political governance has proved particularly fraught.

The third challenge is that of fractious bilateral relationships, for example the problems the Australian Government has had with its relationship with Sir Michael Somare, the Papua New Guinea Prime Minister, and the ongoing tensions between Australia and Solomon Islands Prime Minister Manasseh Sogavare. Problems with these relationships at the highest level have clearly affected Australia's efforts at assistance. It has been very difficult to revitalise the Enhanced Cooperation Program with Papua New Guinea, and the Australia–Solomon Islands tensions have been distracting for RAMSI.

The fourth challenge concerns a heightened level of Chinese and Taiwanese involvement and rivalry in the region. Chinese engagement in the South Pacific has increased in the last few years, as part of China's worldwide push for influence and resources. Aid from China and Taiwan has invariably come without conditions attached, which has clearly affected governance in South Pacific states.

The last challenge is that of high population growth rates. The Melanesian populations are growing quickly, and the young men in the streets with nothing to do often contribute to instability and are easily manipulated by political forces.

Given all these challenges and complexities, it is worth, in a forum such as this, going back to first principles and asking whether Australia should even be involved in the region. But then I think you can quickly move to the answer that, yes, Australia should. Our interests

are engaged, including our strategic interests, as the Prime Minister observed yesterday. I agree with Ben Reilly that we cannot be complacent about our border with Papua New Guinea. There is no history of significant people movements, but the increasing HIV–AIDS infection rate and governmental decline in Papua New Guinea mean strategic policy makers cannot take that for granted. Australia also has a degree of neighbourly obligation towards the states of the South West Pacific. And notwithstanding the problems and challenges of assistance, there is evidence that well-crafted assistance and engagement benefits recipients and assisting states far more than withdrawal.

RAMSI is a model of its kind, and officials and analysts from the US and elsewhere are interested in the lessons Australia has learned from grappling with the issues of our immediate region.

I would also make this observation about the global context. We are not alone in dealing with the problem of fragile states—far from it. But Australia is at the forefront of how to respond. RAMSI is a model of its kind, and officials and analysts from the US and elsewhere are interested in the lessons Australia has learned from grappling with the issues of our immediate region. Australia’s expertise is clearly a function of necessity: we are surrounded by this group of rather troubled states to our immediate north and north-east. And unfortunately there are no templates out there as to what we should do and no-one has better answers as to what to do.

I will end by making a couple of observations as to how to respond to some of these challenges. Firstly, it seems to me that we need to respond to the complexity of the task in a comprehensive manner using many policy instruments. The Australian Defence Force and the Australian Federal Police are clearly important parts of the answer, as stability and security are necessary for progress on all other fronts in these states. But they are only part of the answer. Aid, assistance with economic growth, and dealing with underlying state weakness are also critical. Little will be gained by just stabilising a situation if you are not also seeking to deal with the underlying tensions which fuel security flare-ups. In the case of the law and order crisis in parts of PNG, for example, the lack of economic activity to occupy unemployed young men helps to fuel the problem, so addressing this lack of employment and assisting with economic growth will need to be part of the answer.

As to the issue of duration, the long-term problem of state fragility clearly requires a long-term commitment. As the ABC journalist Graeme Dobell once wrote, you can’t exit from your own neighbourhood. Australia is the largest power in the South West Pacific and it needs to have a long-term engagement with the region.

In the last few days we have had a reaffirmation of bipartisan support for such engagement. But we are in times of economic plenty. If and when the economy turns, there might be some questions as to whether this significant commitment of money and personnel is a worthwhile investment. These are questions advocates of sustained engagement will need to be prepared for.

My second point concerns the challenge of helping to promote governance: what can best be done? This is a very hard question to answer, but I think that part of the answer involves focusing on the demand side: to build up the demand in these states for better governance. That has to entail support for civic education programs and the media in these countries, to help generate a culture of complaint. So people in a Papua New Guinea village don't just think 'Well, that's my lot ' when faced with failing service delivery, but they realise that it's a problem affecting many other PNG villages, something must be done about it, and they should hold their national political figures to account.

If you ask countries in the region what more Australia can do to assist, their response will often include the provision of scholarships. Offering the states of the South West Pacific more scholarships to study in Australia, to bring promising young people to Australia to build up their expertise, will be a big part of a long-term answer. There has to be good program design so most of these people then return to their own states, but that is doable. And when they do return, they will help to usher in reform in their countries.

The third challenge, that of fractious bilateral relationships, is a tough one, and goes to Ben Reilly's point about Australians not being terribly interested in the South Pacific anymore. It seems to me that we might be able to lessen the degree to which bilateral relationships are vulnerable to tensions at the top by broadening the relationships: by strengthening people to people links, institutional links, academic links and business links between Australia and the states of the South Pacific.

Fourthly and briefly on the challenge of underemployed young men: any response needs to involve the promotion of economic growth and to explore the issue of labour mobility.

I will end with this observation: events in the South West Pacific over the last eighteen months have demonstrated the limits to how much one power such as Australia can assist another. Much has to come from within the states, particularly political will. So the challenge for Australia will be how to work with these states to gain and maintain that local political will.

Session Four—Australia’s priorities and options

AUSTRALIAN FUTURES: SOCIETAL SECURITY AND IDENTITY

Bob Birrell

In his address to the 2006 ASPI Conference the Prime Minister, Mr Howard, said that ‘the maintenance of social cohesion in Australia is both our great 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’. Mr Howard’s implication is that social cohesion is a factor in Australia’s national security and that this, in turn, is influenced by the level of cultural diversity (or the lack of it). I share Mr Howard’s views on this matter; a nation whose residents share a strong sense of commitment to and identity with their nation is in a better situation to defend itself (other things being equal) than one which does not. I intend to provide some general comment on this proposition. I will not be mining down like an anthropologist within Australia’s diverse communities to identify those (if any) which contain elements that might be regarded as security threats.

For a number of years during the nineties I addressed Australian army officers who were studying at the Army’s Queenscliff facility in Victoria prior to taking up higher level appointments in the service. My task was to discuss Australia’s population resources. They wanted to know whether young Australians were prepared to support the defence of our country and, in particular, what factors shaped their willingness to enlist in the defence forces. They were concerned about the overall low interest in an Army career, and why it was that they found it very difficult to attract recruits from Non-English-Speaking-Background (NESB) communities.

One of the consequences of these meetings was they gave me access to their unpublished survey data. A couple of major surveys had been

done (in 1997 and 1998) on attitudes of young people towards serving in the Australian military. One of the questions put to the young people surveyed was: 'If I was called on to go to war to defend Australia, I would do so'. Only 39% of those surveyed responded that they would be prepared to serve under these circumstances. And all they had to do was tick a box! This response seems to be a good starting point for thinking about the relationship between social cohesion and national security. It implies that we have a problem on this front in Australia.

The starting assumption is that a society is most likely to be responsive to national security concerns where the citizenry is relatively homogenous and share a strong sense that they consist of a bounded community, with common beliefs, aspirations and, in particular, traditions. That's a complex way of saying that the more patriotic the community, the more its members are likely to want to defend it. The psychological processes involved flow from the interlinkage between national and personal identity. Persons with a strong sense of national belonging when asked the question 'who are you?' are likely to give an answer emphasising their Australian identity. In these circumstances their sense of self and their national identity become intertwined. When the nation is challenged, so too are they. This is not just because of any material interests that might be threatened but also because any loss of national standing is experienced as a personal loss. We know from Australia's military history that volunteer Australians have been prepared to die in the service of their country. I suspect Mr Howard had these ideas in mind when he made the statement quoted above.

In the contemporary globalised environment it is clearly difficult for nations to maintain a high level of cultural homogeneity within their populations.

In the contemporary globalised environment it is clearly difficult for nations to maintain a high level of cultural homogeneity within their populations. Some, however, are more successful than others. In Australia's case, the commitment of successive Australian governments to high migration programs means that it is especially difficult. Over the period 2001 to 2006 there was a rapid expansion in the migration intake. After taking account of permanent and long term movements in and out of Australia, the Australian Bureau of Statistics (ABS) estimates that there was a net growth from international movements over this period of about 600,000. The 2006 census identified some 755,691 overseas born people who were not in Australia as of 2001 but were resident here as of August 2006 (the census date). Of these, 501,346, or 66%, were born in NESB countries. By 2006 about 22% of Australia's population was born overseas, some 60% in NESB countries.

Migration is thus making Australia more culturally diverse. Most migrants are now drawn from developing countries. The largest single source country for those arriving in Australia between 2001 and 2006 and settling in Sydney was China and in the case of Melbourne, it was India. There is also a high propensity for NESB migrants to concentrate in Sydney and Melbourne. Our calculations from unpublished 2006 Census data indicate that 30% of all adults living in Sydney (defined as aged 25 plus) were born in NESB countries and 27% of all adults living in Melbourne.

We cannot conclude from these statistics that social solidarity in Australia is at an end, only that with so many people from non-western backgrounds that they pose a considerable challenge. Most immigrants who regard their stay as permanent are interested in integrating with the host society. But if the cultural divide with this society is great and their lives tend to revolve around their particular ethnic community the integration process may be slow. Furthermore, as argued below, some ethnic community leaders have an interest in arresting the integration process. And in some instances, even though the migrants intend to stay, they may not wish to integrate.

The challenge of integrating migrants from diverse backgrounds is also being felt in some of the most unlikely places. The United Kingdom, for example, is famous for the uncompromising stand taken against overseas migration during the Thatcher years. Yet in recent times the United Kingdom has become major country of migration. This was no accident. Under the leadership of Tony Blair, the British Government took a flexible stance on the issue, based on the premise now common amongst social democratic leaders, that success in a globalised world requires not just open markets but open borders as well. In a retrospective published in the *Economist* on 2 June 2007, headed 'What I've learned during my period as Prime Minister' Tony Blair said, 'Nations do best when they are prepared to be open to the world.' By that he meant not just trade, but also immigration.

During Mr Blair's watch Britain took in hundreds of thousands of asylum seekers (most of whom stayed on regardless of the success of their applications), large flows from Eastern Europe (from new entrants to the European Union) and facilitated skilled migration from other regions. After decades of slow population growth (0.3% per annum or less) the UK grew by 375,100 in 2004–05 or 0.6%. Most of this growth was due to expansion in the net migration intake.

This growth may well have contributed to the dynamism of the British economy. Another consequence, however, has been further growth in the overseas-born population, including the Islamic community. London has been dubbed by a trenchant critic of these developments as Londonistan on account of its status as a centre of Islamist activists, many of whom entered the UK as asylum seekers.¹ This London community appears to have played an important role in the dissemination of radical Islamic doctrines. Arguably, Britain is now reaping the harvest, most spectacularly with the July 2005 London bombings. So migration, although it may serve important economic purposes, can challenge social cohesion.

Australia is in the frontline of this challenge, given the very high proportion of the population drawn from developing countries.

Australia is in the frontline of this challenge, given the very high proportion of the population drawn from developing countries. Needless to say, the problem of how to create a cohesive community from this diversity has long been at the centre of public policy in Australia.

The first point to make about this dilemma is that for most of those analysing it there is no agreement that the objective of creating a tightly bonded community marked by a

patriotic ethos is either possible or worth pursuing. This tends to be the case with Australia's intelligentsia, defined here to include those who have university qualifications. It is most definitely the case for the fraction of the intelligentsia who are social professionals (teachers, lawyers, social workers, journalists etc). In the main, their aspiration is for Australia to develop as an internationalist and cosmopolitan community. They place a high valuation on the presence of diverse communities within Australia, and thus prize the idea of an active policy of promoting multiculturalism as a mechanism for handling Australia's diversity. They tend to be hostile to local patriotism, not just because it is inconsistent with promoting the virtues of diversity but also because they regard it as backward looking and confining, in the sense that they see demands made in its name as restricting individual or ethnic community autonomy.

This is not to say that Australia's intelligentsia reject any notion of Australian nationhood, but rather that, to the extent they do support such a notion, Australia is defined in proceduralist rather than in patriotic terms. They tend to see the Australian nation as a framework, providing the scaffolding within which a law abiding, democratic and tolerant society can function.² Proceduralists are quite happy to think of Australia as a nation of different communities, as long as these communities conform to the norms shaping the overall national scaffolding.

Bob Hawke—a well-known advocate of this position—put it as follows: 'An Australian is someone who chooses to live here, obeys the law and pays taxes.' There is obviously a vast difference between this procedural view of Australia on the one hand and the patriotic view on the other. To the extent that the procedural view prevails, it raises serious questions about how social cohesion based on a widely and deeply shared identity with Australia can be sustained.

In practical terms it seems that, until recently, the proceduralist view has prevailed in public discourse. A case in point is the legal definition of citizenship. There has been a gradual dilution of the criteria applicants must meet before gaining Australian citizenship. Consistent with the proceduralist ethos, the trend has been towards making Australian citizenship more accessible and less demanding in terms of exclusive loyalty to Australia.

Key milestones in this process were that in 1986 persons taking the citizenship oath were no longer required to renounce other allegiances. In effect, they could henceforth maintain their previous citizenship or perhaps multiple citizenships. Australian citizenship no longer embodied the notion that residents owed exclusive loyalty to Australia.

Then in 2002, the Coalition government abolished section 17 of the Citizenship Act. This was the provision stipulating that, where an Australian citizen took out another country's citizenship, they automatically lost their Australian citizenship. So after 2002 Australian-born citizens who took out citizenship in another country were granted rights similar to migrants taking out Australian citizenship after 1986. They too could be citizens of other countries and, by implication, embrace multiple identifications and multiple national loyalties. As indicated below, this trend in citizenship law has recently been arrested in the context of renewed concerns about national security.

There is some interesting public opinion data which allows a test of intelligentsia ideas about defence. My colleague Katharine Betts made use of the ANU post-election survey data to explore answers to two questions about defence.³ One asked whether people thought Australia would be able to defend itself if it were attacked, the other whether the Australian Government should spend more or less on defence. She categorised respondents

according to whether they were very blasé, blasé, confident, concerned or very security conscious about defence. The very blasé comprised respondents who thought Australia could not defend itself but yet thought defence expenditure was about right or too much. The blasé were those who were not sure whether Australia could defend itself yet thought defence expenditure was about right or too high. Some 30% of the intelligentsia (those with university education) fitted into the very blasé group and other 20% into those classified as blasé. This is an arresting finding. Around half of the university educated, drawn from a scientifically constructed random sample, were not prepared to endorse an increase in defence expenditure despite believing that Australia was not in a secure position to defend itself. Dr Betts did not explore why they took this stance because there were no further questions on defence matters. Some may have felt that the task of defending Australia was so difficult that no feasible level of expenditure would suffice. Another possibility, consistent with the present argument, is that some thought that increased defence expenditure was inconsistent with their internationalist ideals or maybe that such increases would promote an institution associated with outdated patriotic ideas.

Most other respondents did not share this intelligentsia viewpoint. Only a minority of other respondents fell into the very blasé or blasé camp. The great majority either thought Australia did not need to spend more because it could already defend itself, or if they were concerned that this might not be the case, favoured an increase in defence expenditure.

Table 1: Attitudes to defence, university educated persons and all persons, Australian voters, 2004 (%)

Attitudes to Defence	University educated	Total
Very security conscious	5	8
Concerned	30	42
Confident	13	10
Blasé	21	15
Very blasé	30	21
Missing	1	4
Total	100	100
Total N	395	1769

Source: K. Betts, *People and Place*, vol. 15, no. 2, 2007 p. 42

There are also significant links between the intelligentsia's attitudes to Australian nationhood and the evolution of multiculturalism in Australia. First and foremost, it is unlikely that multiculturalism would ever have achieved its status as the dominant mode of accommodating ethnic diversity in Australia if it had not been for the enthusiastic support it has received from within the ranks of the intelligentsia. For example, in 1994 an Irving Saulwick Poll found much higher support of multiculturalism among university graduates than among migrants themselves.⁴ This support stems from their attachment to internationalism, cosmopolitanism and the value they ascribe to diversity described above.

But multiculturalism has not evolved as many of its supporters anticipated. To understand why requires some brief background. The support for a redefinition of Australia as a multicultural society in the 1970s and 1980s stemmed from the dissatisfaction persons from ethnic backgrounds, particularly those from southern Europe, felt about the prejudice directed at their communities from within mainstream Australia. These concerns were acute amongst the university educated, including many who had been born in Australia. Many of these people had been successful in gaining university credentials in Australia and in

gaining professional and managerial position. Yet despite this, they still carried the burden of negative Australian stereotypes about their Italian, Greek, Yugoslav or other origins.

The resulting tensions fuelled the ethnic community support for multiculturalism. The leaders demanded that the mainstream Australian community pay them and their communities and cultures the same respect as the host community. The Australian Government responded, beginning in the 1970s, by rejecting older conceptions of Australia which demanded that migrants drop their cultural baggage and become 'new Australians'. Instead Australia was to become a multicultural society in which all the migrant community cultures would be accorded equal dignity. A consequence of this stance was that Australian governments had to give some support to the establishment of ethnic community institutions—though always qualified by stern statements that migrants should give overarching loyalty to Australia and would respect procedural values. Policy makers hoped that multiculturalism would diminish prejudice against ethnics and thus help remove barriers to their integration within Australian society. As indicated, this policy won enthusiastic support within the intelligentsia; indeed some were crucial in developing and promoting it.⁵ They imagined Australia as community in which all Australians could intermix free of prejudice, all sharing these respective cultures with each other. This is not the way it has turned out.

Ethnic community leaders are usually not interested in this kind of diversity. They want to build their own community institutions and culture and, having done so, to maintain it. This is partly because of their pride in their community but partly also because their leadership positions depend on the continuity of their community. In order to maintain their community they must try to strengthen the internal solidarity of their constituents and where possible erect borders limiting out movement. This motive applies across the spectrum of communities, from Greeks to Indochinese to Muslims and to Jews. To varying degrees they have established educational and parish institutions designed to promote the social life of their community and to minimise intermixing outside it. Most seek to discourage or even proscribe out-marriage.

Some form of multiculturalism was justified in Australia, since it was the case that prejudice against many NESB communities was once rife. The insistence that such prejudices were illegitimate was an important step in allowing migrants to feel that they could participate freely in Australian society if they wanted to. However the form that multiculturalism has taken has gone well beyond this objective. To the extent that Australia has become a community of many communities this inhibits the strength of identity with the larger national community which is conducive to security goals.

Now I want to turn to the impact of immigration on Australia's current demographic situation. As we have seen, around 21 to 22% of Australian residents are overseas-born, the majority of whom are from NESB countries. They are not distributed evenly across Australia. As far as ethnic diversity is concerned there are two Australias. The first consists of Sydney and Melbourne, where there are high concentrations of NESB migrants. The second is composed of the rest of Australia where such residents are scarce. This second Australia includes Perth. Though Perth is the capital city with the highest proportion of overseas-born persons in Australia, more than half of these are born in English-speaking countries. By contrast most of the overseas-born persons living in Sydney and Melbourne are from NESB countries.

The 2006 census reveals that 24% of the total population of Sydney was born in a NESB country, or almost one in every four persons. Another 8% were born in a English-speaking country (mainly New Zealand, South Africa and Britain). The situation is similar in Melbourne.

Recently arrived migrants from NESB countries tend to concentrate in those parts of the city where their family or community members are already located. Partly because of this pattern, and partly because former Australian-born residents tend to move out, there are now very substantial concentrations of NESB migrants in particular parts of Sydney and Melbourne. Table 2 documents this observation for Sydney. It indicates the proportion of the total adult male population aged 25–64 who were born overseas of the total male population in this age group for each of the localities listed. The reason for restricting the table to adult men is that they give the best indication of the cultural impact of migration on the community in question. Many of the younger Australian-born people in the communities listed are the children of migrants and thus more representative of the ethnic community than of the mainstream Australian-born population.

Table 2: Sydney Local Government Areas with more than half males aged 25 to 64 years born overseas, in 2006 and comparative figures for 1991, 1996, and 2001

Area (LGA)	% born overseas			
	1991	1996	2001	2006
Fairfield	70	73	73	74
Auburn	66	73	73	73
Sydney—Inner	43	35	49	70
Strathfield	55	58	63	67
Canterbury	67	69	67	65
Burwood	61	60	61	63
Rockdale	56	57	56	56
Liverpool	44	49	53	56
Parramatta	43	47	50	55
Botany	63	61	57	55
Holroyd	43	46	50	54
Bankstown	43	48	52	54
Ashfield	65	61	55	54
Hurstville	38	42	46	50
SYDNEY Total	42	43	42	44

Note: Excludes those who did not state their birthplace.

Source: Customised Census Data, Centre for Population and Urban Research

As is evident from Table 2, there are remarkable concentrations of overseas-born persons in the localities listed, peaking at 74% in Fairfield, which is the main settlement point for Indochinese-born persons in Sydney. All the areas cited are in south and south-western Sydney. With the partial exception of Fairfield, each is notable for the diversity of birthplace groups living within its borders. However there are patterns of concentration. The two largest settlement points for Lebanese-born persons in Sydney, for example, are Bankstown and Canterbury. The settlement focus on south and south-western Sydney also reflects the fact that these areas of Sydney are just about the only areas where immigrants from developing countries who are not professionals or managers, can afford to live. The more

affluent skilled migrants who are professionals, such as those from Malaysia or Hong Kong, tend to locate in the northern suburbs of Sydney.

Concentrations such as those shown in Table 2 have facilitated the build-up of ethnic community institutions—religious, educational, commercial, various parish type institutions—which cater for particular ethnic groups. The establishment of community schools, one of whose goals is pass on the cultural heritage of the ethnic community in question, is a good indicator of the intent of community leaders. If they were interested in integration they would encourage their young people to join the public school system. The Jewish community has established its school network and the Muslim community is in the process of doing so, with some twenty-nine Islamic schools now in place across Australia.⁶

There is a great deal of controversy in the literature about the longevity of these ethnic community institutions. Some argue that they are a transitional phenomena. This is largely true in the case of the post-war southern European communities which concentrated initially in inner-city areas. These concentrations have gradually dissipated. The key solvent to these originally tight-knit communities was upward mobility via the Australian education system. As the younger generation made a successful entry into mainstream middle class positions, this drew them out of the ethnic community and into the wider community. The same thing will probably happen with the newer developing country communities. However the pace of integration may be slower, because some of these communities are starting from a very disadvantaged situation. Most of the original Muslim adults from Lebanon, for example, came to Australia in and after the 1970s with limited resources and have struggled ever since to find a niche in the Australian labour market. This has limited their capacity to invest in their children's education.

From this perspective Australia's ethnic diversity is not seen as a problem—rather it is something to endorse because of its alleged fit with the need for Australia to engage with the world economy and with Asia in particular.

The discussion indicates that from a social solidarity perspective there is a substantial constituency of opinion leaders within the Australia's intelligentsia who do not support any objective of promoting or sustaining a tightly bonded and patriotic Australian community. Rather, their preference is for a loosely connected nation where the common elements are largely procedural and could apply to any developed society. From this perspective Australia's ethnic diversity is not seen as a problem—rather it is something to endorse because of its alleged fit with the need for Australia to engage with the world economy and with Asia in particular. This view of Australia is supported by ethnic community leaders, if not all of their constituents.

Now let's now turn to the mainstream. How strong is the support for patriotic conceptions of the Australian nation, and thus for tough national security policies within the larger community? There is strong support for such policies. This may come as a surprise given that public debate about issues of national identity in recent times have been bedevilled

by controversy over whether it is possible or even proper to denote any particular values, cultural practices or traditions that are distinctly Australian.

It seems that this controversy has not had much impact on ordinary Australians. They appear to have little doubt that Australia is distinctive and they are proud to identify as Australians. The confidence seems to derive from a vigorous folk culture embedded in ordinary Australians' mode of speaking and expression, their democratic manners and Australia's rich sporting history. Neither visitors to Australia nor Australians visiting overseas and noticing how they differ from their overseas counterparts (even the English) seem to have any doubt about Australians' distinctiveness.

This sense of identity has direct implications for social solidarity and for national security. Most Australians are concerned about maintaining their community and about controlling its borders. A striking illustration was the response to the arrival of thousands of asylum seekers without visas in 2000 and 2001, particularly the Tampa event of August 2001. The Coalition government responded at the time by interdicting refugee boats on the high seas and transferring the people to islands outside the jurisdiction of the Australian legal system. The question detailed in Table 3 asked Australian voters their opinion about turning boats carrying asylum seekers back. This notion was regarded within intelligentsia ranks as monstrous. From an internationalist point of view Australia should extend sympathy to people seeking asylum here—not rejection. Yet as Table 3 indicates, a majority of Australians were prepared to take a very tough line on this issue. Further analysis of this response (not shown in Table 3) indicates that there was indeed a sharp division of opinion on this question between university educated voters and other voters.

Table 3: Level of agreement with statement: 'All boats carrying asylum seekers should be turned back', Australian-born and Overseas-born voters, 2001,%

	Australian-born	Overseas-born
Agree or strongly agree	63.7	56.5
Neither agree nor disagree	16.4	21.4
Disagree or strongly disagree	19.8	22.1
Total	100.0	100.0
Total N	1387	444

Source: *Australian Election Study 2001, Social Science Data Archives, 2002*

This strong public support for tight border management provided the foundation necessary for the Coalition to pass very strict border control legislation at the end of 2001. Whatever one's views about the legitimacy of this legislation, the fact is that it has proved to be an important part of the Australian Government's success in controlling unauthorised entry to Australia of asylum seekers.

Nonetheless, despite its tough attitude to asylum seekers, the Coalition government has pursued a very expansive migration policy. It has not been without controversy. Australia, like Western Europe is experiencing security problems amongst its Muslim community in the post September 11 environment. Community divisions linked to the areas of high migrant concentration in Sydney have never been far from the front page. The Cronulla riots in December 2005 brought these tensions to a head. As a consequence issues about how the social tensions deriving from a high and diverse migration program should be managed have attracted the attention of political leaders.

One response has been a renewed interest on the part of the Coalition government in policies promoting social solidarity in Australia. It has chosen citizenship policy as a key focus for this objective. There has been a striking reversal from the trend described above towards a more inclusive and less demanding legal expression of citizenship in Australia. The government has introduced legislation to establish a compulsory citizenship test, the requirement of a pledge to Australia, and an English test, all of which an applicant must pass before being granted Australian citizenship. Its proposed legislation also requires a minimum of four years residence in Australia rather than the two years required until recently.

This legislation is largely symbolic. It will not have much practical effect on the lives of those who enter Australia with permanent residence visas. The symbolism lies in the legislation's expression of a tougher line on who belongs to the Australian community and its emphasis on boundaries between citizen residents of Australia and the rest of the world. It is an assertion of a more bounded view of Australia than that which has prevailed within intelligentsia and ethnic community ranks in recent times. My colleague Katharine Betts went through 158 submissions to the government's recent discussion paper on citizenship. The vast majority of those coming from humanitarian, religious, ethnic and internationalist groups vigorously opposed the proposed citizenship test.⁷

In contrast the 1486 submissions from individuals were mostly supportive and the public opinion data reported in Table 4 also shows that most Australians support the government's position. The split between the two categories of submission and these polls, like those on border protection in 2001, provide further demonstration of the opinion divide on these issues in Australia.

Table 4: Attitudes to proposed citizenship test and English requirement, Newspolls, 2006 (%)

	September 2006 Attitude towards a 'formal citizenship test'	December 2006 Attitude towards the requirement of an English test
Strongly in favour	53	64
Partly in favour	24	21
Total in favour	77	85
Partly against	9	6
Strongly against	10	6
Total against	19	12
Uncommitted	4	3
Total	100	100
Total N	1200	1200

Source: K. Betts and B. Birrell, *People and Place*, vol. 15, no. 1, 2007, p. 53

Where does that leave us? The answer to the Prime Minister's question about the strength of social solidarity is that, notwithstanding the challenges described above, there is a solid community base for such solidarity. It is based in the continuing patriotic identity of ordinary Australians with their nation. This identification is an important pillar of support for the defence forces and for policies directed at combating internal and external challenges to Australia's security.

The challenge lies in inviting and persuading Australia's substantial immigrant population to share this identification, and in gaining the support of a significant proportion of intellectuals and opinion leaders for such a project.

Endnotes

- 1 Melanie Phillips, *Londonistan*, Gibson Square, London, 2006, Chapter 1.
- 2 See for example evidence in K. Betts and B. Birrell, 'Making Australian citizenship mean more', *People and Place*, vol. 15, no. 1, 2007, pp. 45–61.
- 3 Katharine Betts, 'Who cares about defence? Attitudes of Australian voters and of candidates in federal elections', *People and Place*, vol. 15, no. 2, 2007, pp. 30–48.
- 4 See I. Saulwick, 'Opinions about multiculturalism', *People and Place*, vol. 4, no. 1, 1996, pp. 65–66.
- 5 See M. Lopez, *The Origins of Multiculturalism in Australian Politics 1945–1975*, Melbourne University Press, Melbourne, 2000.
- 6 *The Weekend Australian*, December 9–10, 2006 p. 6.
- 7 See Betts and Birrell, 2007, op. cit.

AUSTRALIAN FUTURES: ECONOMIC SECURITY

Christopher Caton

There are, I am sure, many different ideas of exactly what economic security implies. A common definition appears to be **the freedom for a nation to pursue its economic goals without interference from external sources.**

If this is accepted as a good working definition, then it is immediately obvious that we don't wish to maximise our economic security per se; we could certainly try to do this by minimising contact with the rest of the world, but even if we were successful at that there would be a huge price to pay. **A fundamental precept of economics is that agents benefit from trade, both within one's own country and with the rest of the world.** Australia benefits hugely from contact with the rest of the world, at the potential cost of imported economic and financial volatility.

We may normally think of economic security as protecting ourselves from economic volatility or damage caused by the policies of other nations. But in today's world it is clear that our economy can also be harmed by the actions of non-States. The increased climate of terrorism is one such example, and so also is the risk of a pandemic. While these can have serious economic effects, they are probably better handled elsewhere in a comprehensive discussion of security issues.

So I suppose the short-run question is: how do we maximise the benefits of involvement with the rest of the world while minimising the costs. And the long-run question is: how will Australia's economic future evolve given global realities, and what can/should we be doing about that?

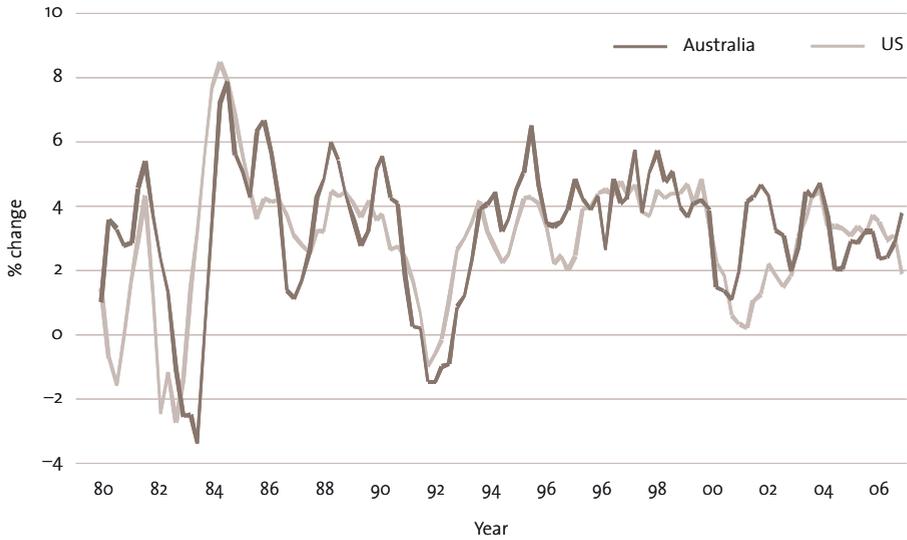
Let me first show you some of the ways in which a humble macroeconomist thinks about the rest of the world and its effects on us.

Chart 1 shows the extraordinary correlation between our economic growth cycle and that of the US in the past quarter century or so. It is noteworthy that there is a far closer relation between us and the US than, say, between us and an appropriately weighted measure of our major trading partners' GDP. This suggests that at least some of the links from the rest of the world to us are not trade, but financial.

A look at the chart also suggests that the link may be weakening; the most recent data, for example, show Australian economic growth accelerating while that in the US slows.

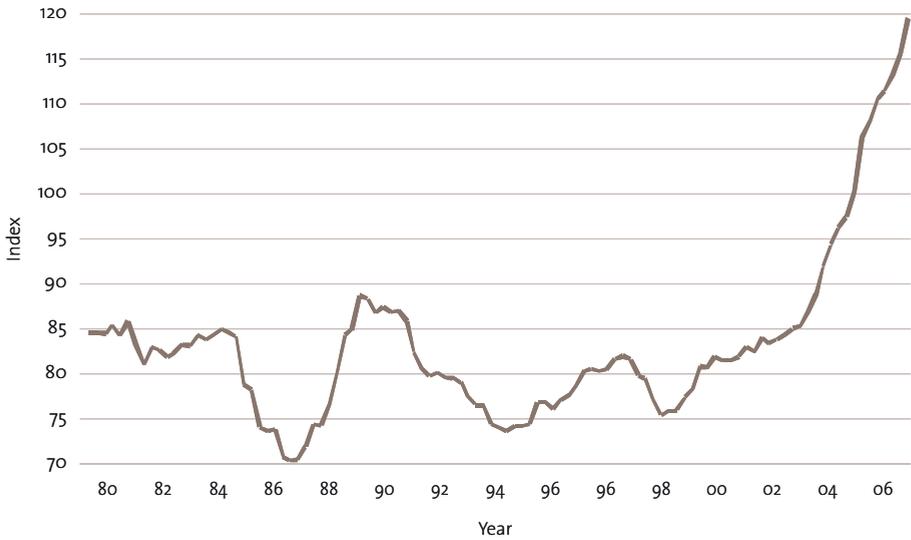
The world (and China in particular) has done us a big favour in recent years, via the commodity price boom. Chart 2 shows one indicator of the extent of the boom; Australia's terms of trade (the ratio between our export and import prices). There isn't another developed country in the world that has had such an extraordinary gain in its terms of trade in recent years; the boom since the early years of this century is worth about \$3000 for every man, woman and child in the country, and has been a major source of finance of the now-annual income tax cuts.

Chart 1: Real GDP growth in Australia and the US



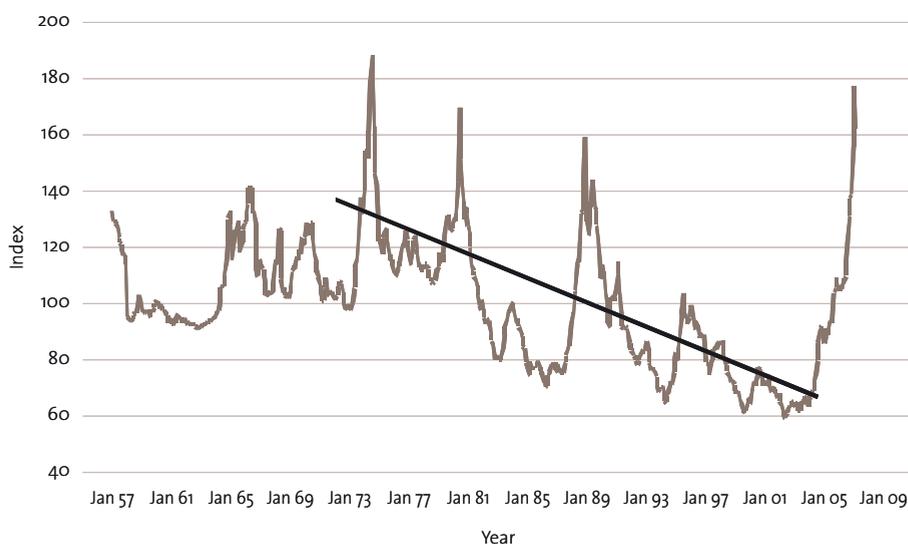
Source: Datastream

Chart 2: Terms of trade



Source: Datastream

Chart 3 puts the commodity price boom in a slightly different perspective. It shows an inflation-adjusted index of base metal prices over the past half-century. If history is any guide at all, it suggests that there is a large fall in commodity prices awaiting us some day (like so much else in economics it is easier to say that it is going to happen than when!). When this occurs, it won't be pretty, but the going up has clearly been worth the likely coming down. Economic welfare is higher despite the volatility inherited from the rest of the world.

Chart 3: A long-term look at commodity prices (Real base metal prices*)

* Base metal prices relative to output PPI (\$US)

How have we handled economic relationships with the rest of the world? What are the issues, and what, if anything, should we be doing differently in the future?

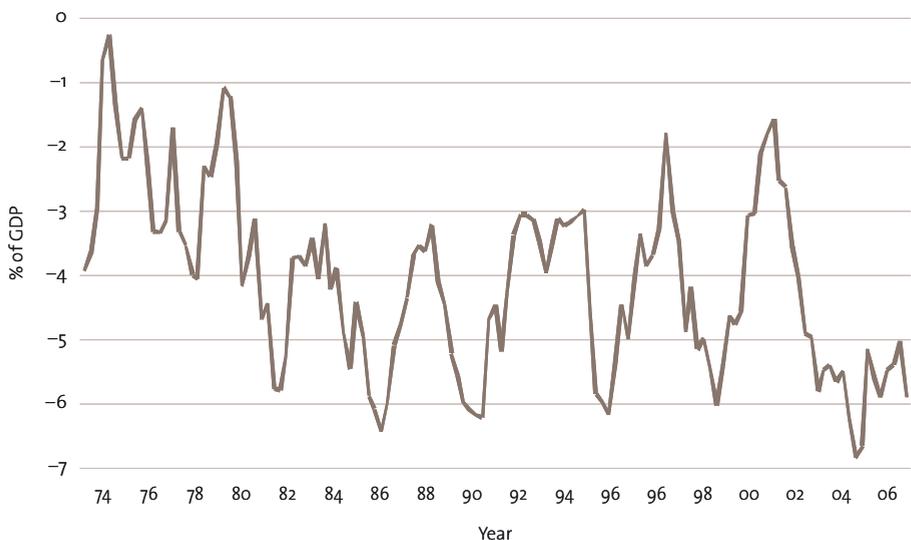
Perhaps the clearest example of loss of economic security in recent years was the Asian financial crisis of 1997. Until then, Asia could do no wrong. It grew rapidly for many years, and it was not uncommon to hear talk of the 'Asian miracle'. In 1997, some of the strains of this growth began to show. In many countries, governance levels were poor, cronyism was rampant, and, it turned out, foreign exchange reserve holdings were insufficient to prevent a run on the currencies, beginning with the Thai baht.

Australia had, of course, become progressively more integrated with Asia. The economies of our major export markets were in disarray. There was, at the time, serious concern about the knock-on effects of Asia. And yet the Australian economy sailed on, almost completely untroubled. There were reasons for this. First, just as our export markets weakened hugely, domestic demand growth strengthened, not least because the RBA did not follow the example of other countries (Canada and New Zealand, for example) that raised interest rates in an attempt to prevent their currencies being dragged down also. Second, we were free of the problems of misvalued currencies and weak financial systems.

Are we storing up problems for ourselves via our other relationships with the rest of the world? Some would list our chronic current account deficit (CAD) as one such time bomb.

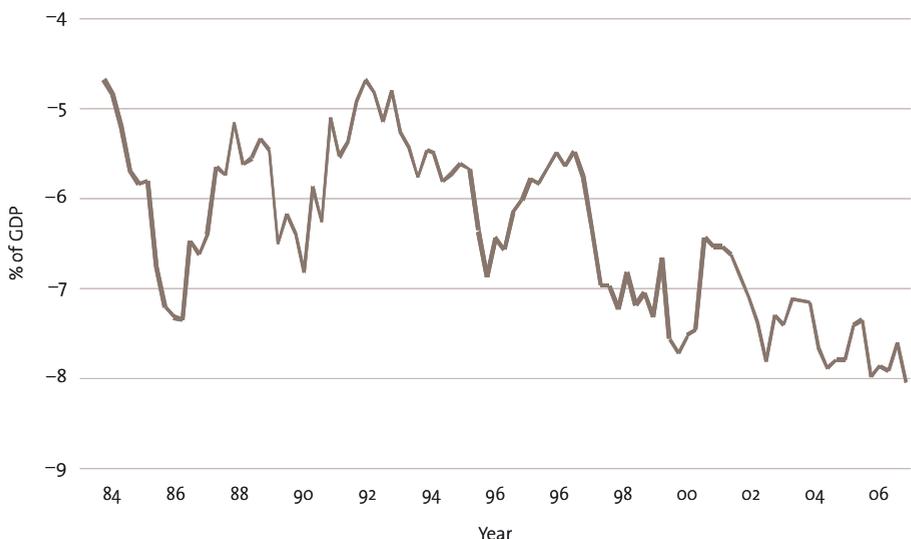
As Chart 4 shows, we have run a deficit for more than 35 years, and if anything it seems to be getting bigger, despite the commodity price boom. There are two ways in which this could be perceived as harmful. First, we could be losing entire industries to foreign competition, and we may live to regret this. At least superficially, this appears to be true; our manufacturing trade deficit, for example, seems to be getting bigger, see Chart 5, with the increase in recent years almost certainly having something to do with the China's entry into the World Trade Organisation.

Chart 4: Current account balance (% of GDP)



Source: Datastream

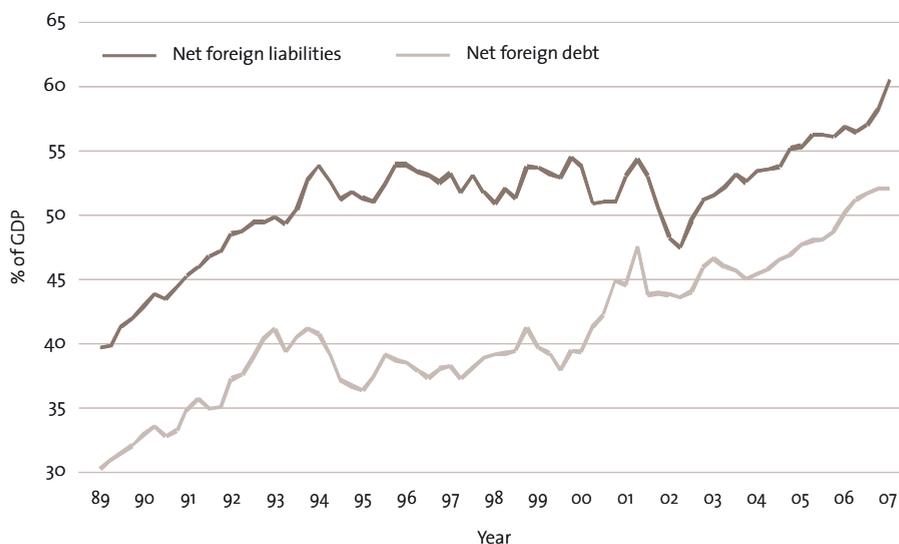
Chart 5: Manufacturing trade deficit (% of GDP)



Source: ABS

Second, as a result of the continued current account deficit, what we owe the rest of the world has grown enormously. Will that hurt us one day?

Chart 6 shows that Australia’s net foreign liabilities now exceed 60% of one year’s GDP, and this ratio is set to grow even further unless and until the CAD falls significantly as a share of GDP. A Treasury paper in late-2005 estimated that we would need to reduce the CAD to 3% of GDP, and to run a trade surplus of 0.5 to 0.75% of GDP in order to stabilise the ratio of foreign liabilities to GDP. This will take a while.

Chart 6: Net foreign debt and net international investment position

Source: Datastream

What then if we can't? The fact that we have such large foreign liabilities has come about because domestic saving has been inadequate to finance all of the capital spending done in this country. There is nothing intrinsically wrong with allowing foreigners to express their faith in the future of the Australian economy by financing part of our capital spending. If we use any increase in liabilities to create an asset that generates an income stream sufficient to 'service' the increase in foreign liabilities, we are clearly ahead. One problem: it's not hard to convince oneself that much of the increase in foreign liabilities has been used to finance capital spending in housing, which does not create such an income stream.

Is there a day of reckoning coming? Not necessarily. In a world of international capital mobility and floating exchange rates (and with Australia having a reputation for solid economic management), any adjustment caused by a large CAD is likely to be gradual rather than catastrophic. Australia would be better off, *ceteris paribus*, with a smaller CAD, but it is not obvious what policy changes we could make to bring this about. Policies to increase domestic saving would help, and so may adjustments by other countries. It is generally accepted, for example, that the large US current account deficit is part of a worldwide 'imbalance', caused at least in part by too much saving elsewhere in the world (China, other developing countries, and Japan, for example). Adjustment elsewhere—China and the rest of Asia generating more of their growth internally, and currency adjustments—may also help reduce our CAD. Incidentally, one of the reasons why Asia now runs such large current account surpluses is in a bid to avoid any repetition of the 1997 crisis, since the current account surpluses are used to accumulate foreign reserves, which are then lent, on favourable terms, to the rest of the world. The abundance of such capital, and its cheapness, and the effects of that on asset prices and elsewhere, can be construed as an ongoing cost of the Asian crisis.

Let's return to the issue of manufacturing. In the mid-1980s, about 17% of Australian jobs were in manufacturing. That figure is now not much more than 10%. Beginning long before the mid-1980s, we undertook a policy of lowering tariffs on manufacturing. In 1970,

the average level of tariffs on manufactured goods was 37%. It is now less than 5%. Is it a major error to consign ourselves to a future of selling services to each other, while all of the manufacturing is outsourced to China?

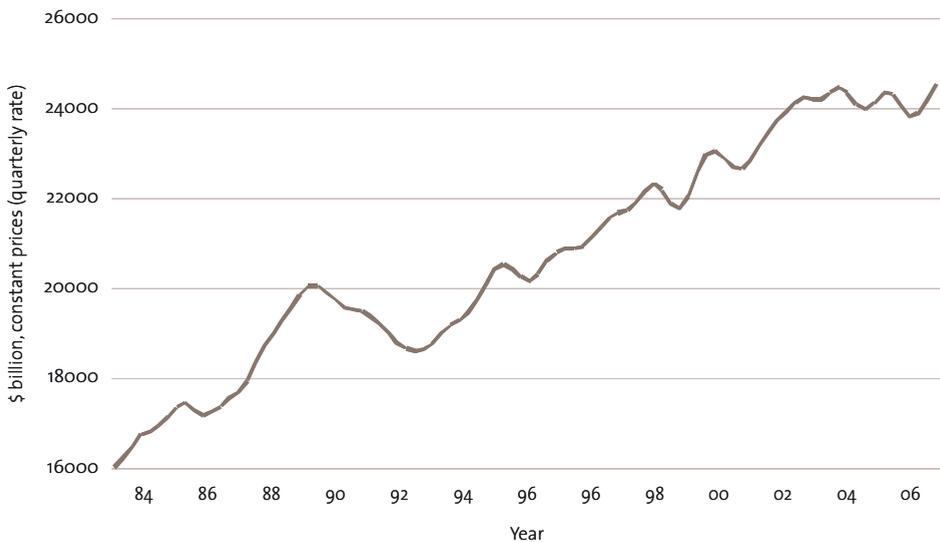
First, this is a very crude description of what has happened. The main reason why manufacturing shrinks as a share of total employment in all developed countries is the same reason why only about 3% of Australian jobs are now in agriculture, compared with about 50% a century ago. As we got richer, our appetites didn't grow commensurately, and we got better and better at providing for those appetites. As society continues to get richer, we divert our budgets away from goods and towards services, so the share of manufacturing jobs in the entire world (including China) goes down. Trade is only a small part of the declining share of manufacturing jobs in Australia, and trying to stem this tide would do Canute proud.

Incidentally, it is a mistake to think that manufacturing itself is going out of existence. Chart 7 shows manufacturing output in constant dollars. It has increased by more than 50% in the past 22 years, although the trend may have changed in recent years.

But what about at a more micro level? Should industry policy be directed to protecting certain key industries (such as motor vehicles) from unbridled foreign competition? Should government be involved in subsidising infant industries that may have the potential to be world beaters once they are big enough to exploit economies of scale? Should we help industries exposed to 'unfair' foreign competition?

In principle, the answer to all of these questions could well be 'yes', but difficulties of implementation emerge quickly. What is a key industry these days? At the time of World War II, it was obvious why any major country would need its own steel industry, its own motor-vehicle industry and its own aviation industry, for example. Now, the technology of war has moved on. The only point to having a completely diversified industrial base would be to offset the effects of short-run embargos or other interruptions to international trade.

Chart 7: Manufacturing output



Source: ABS

The problem with a ‘yes’ answer to the second and third questions lies in going from the principle to the implementation. Who picks the ‘winners’? History suggests that governments are not good at this. Recall the lobbying around 2000 to do something for tech industries in Australia, because ‘we weren’t high-tech enough’. The case of industrial retaliation is also not an easy one. At the least, it invites progressive tit-for-tat policy making.

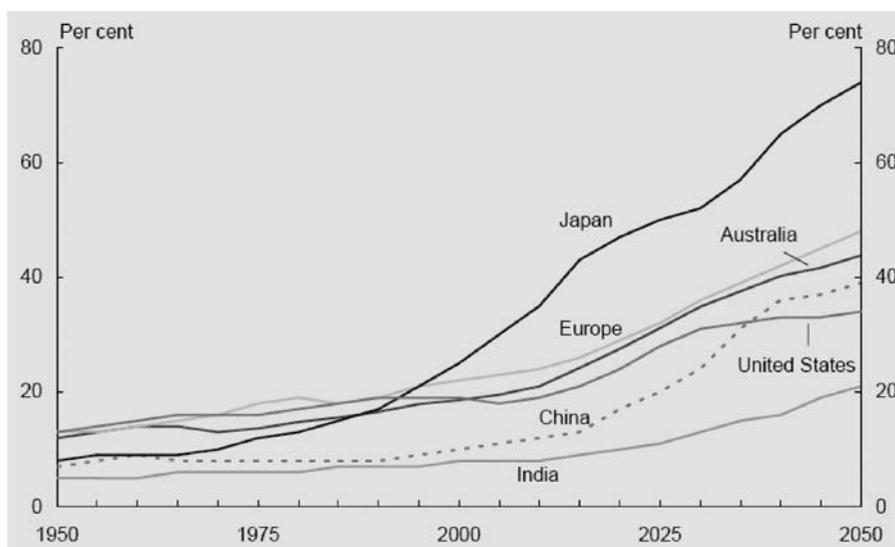
My summary of the story so far would be along the lines of ‘the proof of the pudding is in the eating’. In the past 25 years, Australia has engaged progressively more with the rest of the world. At the same time, we have engaged in massive reform of the economy, including lower protection levels, a floating exchange rate, a deregulated financial system etc. Exports have grown from 13% of GDP in 1982 to 21% today (and the fastest growth has been in manufactured exports).

Australia has experienced nigh on 16 years of economic growth, with no recession in sight. Employment has increased by close to 3 million in the past 14 years, and the unemployment rate at a 33-year low. We withstood the Asian crisis, 15 years of moribund growth in our largest export market, Japan, a (mild) US recession in 2001, the tech crash, a worldwide slump in equity markets (the fall in the early years of this century saw the World Developed Morgan Stanley Capital index down by about 50%, while the ASX 200 fell by just 18%), 9/11, and SARS in 2003. Exposure to the rest of the world appears to have been almost all benefit and very little cost.

But that’s history (albeit with clear lessons for the future). What of the future itself?

The first point to make is that economic growth in Australia will inevitably slow, as all keen readers of the Federal Government’s *Intergenerational Report* (IGR) know. The main reason for this is the aging of the population, a characteristic that Australia shares with the rest of the developed world. Chart 8 shows the ratio of those of retirement age (65 and over) to those of working age in Australia and elsewhere. Briefly, this share will double between now and 2050. Interestingly, despite our impression of Australia as a young country, our line does not appear

Chart 8: Old-age dependency ratios (ratio of over 64-year-olds to 15–64-year-olds)



Source: Treasury projections and United Nations 2006 Revision Population Database, medium variant projections

hugely different from that of Europe (though population growth here will be stronger, and we may get higher labour-force participation from our old and our soon-to-be-old).

This slowing growth is mainly a domestic issue, and government policy is sensibly directed towards offsetting it partially by means of the three 'P's—productivity, participation and population. In particular, the latest IGR, published in April this year, assumed significantly higher migration than its predecessor, released five years ago. So far, there has been relatively little international questioning of apparent 'beggar-my-neighbour' policies of countries trying to offset slower growth by means of higher migration. This may be because the numbers are relatively small, or because the country from which the migrants come can benefit from the outflow (Mexico presumably benefits from Mexican migration to the US, for example). But will this always be the case?

That is perhaps a minor issue at this stage.

At a similar conference to this one in 2005, Chris Richardson, from Access Economics, produced a chart showing Australia's rise and fall in the relative ranking of GDP per head in the 30 OECD countries. This showed Australia slipping from 8th position in 1970 to 18th in 1990, before clambering back up to 8th in recent years. Chris attributed the rise to the fruits of economic reform in Australia, and I have no great quarrel with this. I would also give some credit to our engagement with the rest of the world, which admittedly was made easier by reform, and also to all of the other factors (including luck) that have combined to give us such an impressive growth record in recent years.

It is interesting that Chris, like others, judged Australia in a relative sense. This is only natural, but it does sometimes lead to strange results. The former Clinton-administration official and economics professor, Robert Reich, used to recount offering his students the choice of two worlds. In one, the average US citizen is 25% 'wealthier than now' but poorer than the average Japanese citizen. In the second, the average US citizen is just 10% 'wealthier than now', but well ahead of the average Japanese. Reich reported that a large number of students vote for the second option!

Let's stick with the relative sense for a while. The good news is that, although growth in Australia will be slower in the future, we are still expected to outpace the rest of the developed world, at least for the next decade. Table 1 shows the latest consensus forecasts for GDP growth (and inflation) for the next ten years. Australia leads the way, mainly because of faster labour-force growth.

But the more interesting growth stories are elsewhere, in the developing world. Table 2 shows growth forecasts for the countries to our north, and the growth rates expected in the developed world immediately pale in comparison.

There is nothing that we, or other developed countries, can or should do about this difference in prospective growth rates. Something happened in the past twelve months that hasn't happened before in modern economic history. The developing countries of the world moved past 50% of world GDP, when measured on a purchasing-power-parity basis. (If you don't know what purchasing power parity is, your life is not necessarily poorer than otherwise.) The developing world now accounts for about 70% of world economic growth, and that figure is not likely to go down anytime soon!

Table 1: Global medium-term economic growth and inflation prospects (2007–2017)

	GDP	Consumer prices
Australia	3.1	2.6
United States	3.0	2.2
New Zealand	2.8	2.4
Spain	2.8	2.5
Sweden	2.8	1.9
Norway	2.7	2.2
Canada	2.6	2.0
United Kingdom	2.4	2.0
Netherlands	2.2	1.9
France	2.1	1.7
Eurozone	2.0	1.9
Japan	1.9	1.1
Switzerland	1.7	1.4
Germany	1.7	1.6
Italy	1.4	1.9

Source: *Consensus Economics*

Table 2: Asia–Pacific medium-term economic growth and inflation prospects (2007–2017)

	GDP	Consumer prices
China	8.7	3.2
India	7.5	4.5
Indonesia	6.0	5.4
Singapore	5.5	1.2
Malaysia	5.2	2.4
Thailand	4.8	2.8
Hong Kong	4.7	2.8
South Korea	4.4	2.5
Taiwan	4.4	2.2
Australia	3.1	2.6
New Zealand	2.8	2.4
Japan	1.9	1.1

Source: *Consensus Economics*

There is no great mystery as to why most poorer countries grow faster than richer countries. They are poorer because productivity is lower, and hence productivity can grow faster provided only that policy doesn't get in the way. If there is a mystery, it is why some developing countries fail to grow faster than elsewhere. Poor policies, questionable property rights, poor governance, and dramatic slumps in the terms of trade (for some 'one trick pony' commodity exporters) all seem to play a role.

We learned in the case of Japan that an industrialising country can outgrow the rest of the world for a period of many years, but it is very very unlikely that it will continue to grow rapidly as its living standards converge on those of the rest of the world. Similarly, China will not outgrow the rest of the world forever, which means that it will be many years (a century or more) before the average Chinese living standard approaches that of the US.

But it won't be nearly so long before the Chinese economy is bigger than the US. Indeed, since there are about four times as many Chinese as there are Americans, that day will come when the average living standard of the Chinese is just one-quarter that of the Americans. Depending on who's counting, that day could be less than fifteen years away. How will the dynamics of world economic and political behaviour change when the US is no longer no 1 in absolute size?

The fact that **the future belongs to the developing world** has some clear implications for what is called 'resource security', since developing economies eat commodities for breakfast. In such a world, being resource sufficient, and an exporter of high-quality resources, as Australia largely is, is not a bad thing.

The topic of resource security is an interesting one. The US, for example, has long had a Strategic Petroleum Reserve, which is designed to enable it withstand a possible blockade/embargo on imported oil. China, as another example, appears to be following a policy of looking to buy the mine rather than the output of the mine. That is, China recognises its long-term dependence on imported resources, and thus looks to lock in the sources of that supply by purchase/investment in preference to establishing long-term relationships with existing commodity suppliers. It may seem that this is only sensible, but is it? Japan, for example, has been content to go the other way, establishing the long-term relationship, and working within that in periodic negotiations.

Such considerations are clearly grist for the mill for the Foreign Investment Review Board. I am no expert in such matters, but my gut feel is that we should try to be as open as possible to direct foreign investment in the Australian economy.

In 2005, Chris Richardson made the point that, having regained the 8th rung in terms of OECD living standards, Australia had peaked and was about to begin a descent again (in relative living standards). I am not so pessimistic. Obviously, the higher you get on the ladder, the harder each individual step up becomes, but that's not the same as stepping down.

Richardson's other point is that Australia will shrink in relative importance (economic power), mainly because of faster growth in the developing world. This is inevitable; it's arithmetic rather than economics. The question is how should we react? It seems to me that Australia's reputation in the global community is high, and we should exploit this. So the best strategy is to remain engaged, to provide and to seek access to markets via Free Trade Agreements, etc. This will make us vulnerable from time to time, presumably more to economic or financial accidents rather than to hostility, but this is a small price to pay for the benefits from engagement.

Of course, not all international connections with an economic slant are about trade and financial linkages. Common problems may necessitate a co-ordinated policy response. Right now, the most prominent common problem is **global warming**. This will eventually become a major economic issue if left untreated, and any remedy will clearly have (short-run deleterious) economic effects. Finding an equitable distribution of the burden of such policies will tax the greatest minds out there. There is merit in the argument of developing economies that the developed world should bear most of the burden. But is merit enough? It is one thing for national leaders to co-ordinate policies; it is much more difficult for politicians effectively to volunteer that their country lead rather than follow. This is particularly so for a small country that could argue that whatever it does is going to make very little difference to the global result.

PANEL: AUSTRALIA'S STRATEGIC CHOICES

Peter Abigail

Ladies and gentlemen, we see this final session benefiting most through interaction so I invite active participation both with the speakers and the group when we move into open forum a little later on. To help us reach that point I'm delighted we have the assistance of two significant players in matters strategic in this country. Paul Kelly is Australia's leading political analyst and commentator with a wealth of knowledge and experience and a grasp of the big picture. Mike Pezzullo lives inside the vortex of Australia's national strategic plans and responses as the Deputy Secretary Strategy, Coordination and Governance in the Department of Defence. He's currently the acting secretary of the department. Mike, we appreciate greatly you making the time available this afternoon to be here with us. Paul and Mike will each give us their views of Australia's strategic choices and then participate in the open forum.

By way of introduction the notion of choices suggests the availability of viable options and the application of priorities and judgments. In the strategic domain this might embrace the relationships between nations and their social, economic and security interactions. It opens up questions about the use of various instruments of national power, including military and other interventions. It encompasses choices about the nature of security forces the nation wants down to the selection of platforms from a range of contenders. It goes to what Rod Lyon has termed the reductionist principles or fundamentals that underpin security and strategic policy.

The flow of security affairs over the past fifteen years has prompted a progressive shifting in Australia's security policy. International and domestic security affairs have converged in response to the rise of non-traditional security concerns. The unholy trinity of threats posed by terrorism, the proliferation of weapons of mass destruction, and fragile states has ascended to the top of the security agenda in company with a range of non-traditional challenges such as people smuggling, illegal resource exploitation and the possibility of a pandemic.

Today defending Australia's northern approaches has more to do with the needs of border protection to safeguard economic, domestic and human security than with the possibility of military invasion. In the more traditional realm of military security, government thinking has moved away from the geographic determinism of the Defence of Australia school of thought to a more overtly outward looking and proactive approach. In many ways this represents a return to our national strategic roots, our strategic culture if you like, which includes preferences for small but capable standing forces, an external focus for the Australian Defence Force, an interventionist approach to threats to our interests, working within a key alliance with the dominant maritime power and defending forward.

This shift has continued with the latest Defence strategic update released by the Prime Minister at this conference. In looking at that update, what strikes me is that while there are some shifts there has been a remarkably consistent trend unfolding since about 1997 in that return to what I've termed our strategic roots.

Australia's strategic program seems reasonably clear, although choices will still need to be made in response to specific circumstances. Certainly prior to the release of the update the

alternative government had declared bipartisan agreement on most aspects of current policy and a commitment to honour decisions taken in implementing the defence capability plan. The three most notable exceptions to this have been Australia's role in the intervention in Iraq and Labor's intentions to establish a coastguard and a homeland security department.

The trends we've been examining over the past couple of days highlight the possibilities for future strategic choices for Australia that might or might not attract bipartisan support. Let me mention just a few, some contemporary, some in prospect.

In the field of proliferation, should Australia move up the nuclear fuel chain by enriching uranium? Should we adopt a full fuel cycle approach by providing nuclear waste storage? Certainly Bob Gallucci would like to see us do that. Should we sell uranium to India?

Looking at climate change, should we adapt our military forces to address the possible implications of this phenomenon? I draw your attention to a report published by ASPI only this week on the implications or possible implications of climate change for the Australian Defence Force. But also, how might we best pursue our national interests in Antarctica, noting that we're back to the stage where Australia's area of predominant defence interest now embraces that southern continent.

In the fight against extremist fundamentalism, when will we withdraw our forces from Iraq and what will we leave behind? How much should we put into Afghanistan and would we take over Oruzgan province from the Dutch? What steps should we take to enhance the resilience of our society against extremism?

Turning to the shifting power balance in our region and north Asia in particular. What is our vision of a good outcome? What do we want to avoid? What are our objectives in the trilateral security arrangements with Japan and the United States? Are Australia's objectives the same as those of the United States and of Japan? Should we support the extension of this framework to a quadrilateral arrangement including India?

Nearer to home, where we acknowledge responsibilities to shape security outcomes in the arc of instability in the south-west Pacific, should our approach be driven by concerns about threats that can emerge from failed or fragile states or benevolent aspirations to optimise human security outcomes for the peoples of these nations? In other words, should we be driven by realist sentiments or our collective liberal conscience? The Prime Minister touched on both, but ultimately, and thinking back to that discussion we had earlier today about the region and Australia's response to it, what should drive that approach? Is it time to move into something bolder when we consider all of those challenges that were outlined to us earlier?

A New Zealand joint standing committee of parliament is involved in a review of South Pacific policy and options, and we had a visit from them some weeks back. One of their members suggested that perhaps there's a regional order solution that needs to be thought about in all of this. Is there some geopolitical structural solution that might be pursued; a South Pacific variant of the EU model or something similar? A lot of what was touched on before lunch had elements of that but the politics and the realities of something like that would be very difficult to progress. Well, there are other possibilities, not only with respect to the south-west Pacific but across a range of other issues, some of which will be raised by our speakers, so it's my pleasure now to invite Paul Kelly to share his views with us.

Paul Kelly

When it comes to choices, Australia's main task is to avoid false choices. We are constantly assailed by them: that we must choose between the world and the region, the economy and the environment, America and Asia. The art of statecraft is to integrate desirable options into an optimal policy structure overall. In these brief comments, therefore, I want to focus on challenges as well as choices. In particular, I want to do two things: look at the comprehensive elements of an Australian national strategy and do some star gazing about the 21st century.

I think our overarching challenge is to create a widely shared sense of national strategy for Australia.

National security in an interdependent world is a more complex concept tied to both domestic and external policy. True security begins at home with a successful society, not a dysfunctional society. The pressures of the 21st century have one sure consequence: they will expose dysfunctional societies and turn dysfunction into potential security risks. I think our overarching challenge is to create a widely shared sense of national strategy for Australia. I mean this in the broadest term—a strategic consciousness that is implicitly or explicitly understood and accepted by most of the people as part of their daily existence and that transcends party political division.

I think we've made progress towards this. Maybe we're not too far away from it. I'd like to give you my 10-point plan for a rounded national strategy.

Point one: A commitment to an open competitive market-based economy geared to a growth rate at the high end of the OECD table for rich countries, with a culture geared towards ongoing economic reform and adaptation required to keep us there, and a market-based, not an industry-based, approach to energy policy when it comes to the changes demanded to combat greenhouse gas emissions.

Point two: A commitment to a strong and diversified immigration program that recognises that rich nations in the coming century will fall into two categories—those that renew themselves and prosper and those that decline to renew and therefore stagnate.

Point three: A decision that population growth is important based on fertility rates and immigration, recognising this is the best course for Australia, and that the environmental and water constraints on this option, as championed by people such as Tim Flannery, represent a false argument.

Point four: An awareness of the potential risks from population ageing and the embrace of strategies to manage this. Witness Treasury Secretary, Ken Henry's three Ps—population, productivity and participation. This demands an awareness of the potential threat from grey power, bearing in mind that Peter Drucker warned not all that many years ago that in political terms grey power would be the most important political event in the West since the emergence of feminism in the 1960s.

Point five: A commitment to innovation, technological enhancement, educational excellence, greater educational investment in breadth and depth, more emphasis on R & D, trade and tertiary education, in recognition that human capital investment will be a more important determinant of national success in the coming century.

Point six: A recognition that Australia's strategic fate is that of a stand alone nation-state. Unlike countries such as the Netherlands it will never be embedded in a regional union like the EU. Unlike Canada, it lacks the geography co-terminus with the world's greatest power. So Australia has to make its own pathway to survival and success as a stand alone operation. The first step, therefore, is to become a state-of-the-art practitioner and exemplar of the globalisation model. This means building as an open economy a network of trade, economic and investment links across all regions of the world, Asia, America Europe and the Middle East. Such flexibility is the essence of good insurance. Witness our performance in the Asian financial crisis.

Point seven: The objective of a cohesive society united by common values. As a compulsory voting democracy, a rare asset in today's world, Australia should be well positioned to achieve and maintain a cohesive society based on internal economic opportunity and shared economic benefits and a common set of values as a basis for integration by new immigrant arrivals, a nation of tolerance yet of united ideas. This is the balance that counts.

Point eight: Successful societies will produce citizens that are both internationalist and nationalists. Both qualities are needed in the 21st century. An international outlook is critical in the globalised age with the ability to span cultures, yet a nation state remains the pivotal instrument in the globalised system and the wellbeing of people will be determined largely by whether or not the nation to which they belong is successful. National consciousness and national loyalty will be of enduring importance.

Point nine: The need for a foreign policy based on an acceptance of leadership in the neighbourhood, a deep engagement with the region, maintenance of the United States alliance, and a genuine global outlook with Australia recognising that it needs to leverage its alliances and its bilateral relationships and achieve its goals by working in collaboration with others such as from the United States, Indonesia, Japan, China, India and Singapore among others.

Point ten: A defence policy not too far away from the latest Defence Update, an evolutionary step towards a more ambitious defence strategy, a more formidable ADF, with, hopefully, the budget to match it.

I want to conclude these remarks with five warnings and possible speculations about the coming century.

Point one: It's the age of globalisation and globalisation makes and smashes nations. Some, over the last 15 years, such as Ireland, China and India, have thrived, but others are broken. Globalisation is a fast-forward process. Remember, nations are rising and falling faster in relative terms than ever before. Globalisation identifies the weak point in any nation state and hones in on that weak point. Consequently the need for cohesive and successful societies. The developing world is now split into two: those developing nations which are increasingly able to integrate into the global economy and do well—Vietnam, Malaysia, Thailand, China and India—but another group of developing nations populated by about

two billion people have failed to integrate into the global economy. These nations are making very little progress and some of them are becoming failed states. In a more interconnected world, this spells big trouble in the coming century.

Point two: The age of empire is dead. Empire was based on the ideas of obedience and authority, but obedience and authority in the global system are now being dissipated. They have had their day. They have surrendered in much of the world to the power of nationalism and religion. The 21st century will be heavily shaped by nationalism and religion, particularly in Asia and the Middle East. Nationalism is on the march and religion is on the march. The European mind, with its post-modernist, secular bent, may be ill equipped to handle this and understand it. Whenever I travel in Asia I'm struck by two trends: dynamic economic progress and a rising cultural assertion. For Australia, living in a largely Islamic geography of nation-states, the ability to operate in this new environment of the 21st century will be critical.

Point three: The Western-created post World War II global institutions and system is in deep trouble. Increasingly, these institutions seem unable to manage the challenges they face. Witness the UN Security Council, the WTO, the IMF, the non-proliferation system, new instruments such as the Kyoto protocol and old security alliances such as NATO. For Australia, a nation that has long relied on multilateralism and an effective international system, this poses serious political and intellectual challenges.

Point four. The rise of individual empowerment. One of the great features of the coming century—the power of the individual. It has many manifestations including in asymmetrical warfare. Every individual with a computer and the Internet becomes a prince or princess, ready to challenge authority, assert himself or herself, commit to new ideologies, new streams of soft power, often rejecting the norms of the nation or of the prevailing culture. I think that representative democracy will face a very tough century. The rise of the individual and pressure for direct democracy will undermine political and representative institutions. Indeed, this is one of the major trends we see in our society today. I think what it means is that it will be harder to get effective decisions out of representative institutions and leaders and the consequences of contested policy will be greater than ever.

My final and fifth point relates to warfare and the changing nature of warfare. The capacity of the West and international coalitions to intervene successfully in nations, both in the military and the nation building sense, is now on trial. It's now being tested. In an age of asymmetrical warfare, the foreigner, the intervener, often appears to be the intruder and the insurgent often poses as the champion of tradition and culture. The West in a military sense needs to rethink what it does best, to understand what it does best, to fight on the terrain of its choosing and not to play to the strengths of its opponents.

Michael Pezzullo

Before I start, could I first of all, on behalf of the Department of Defence, thank you and ASPI for organising this conference. It's certainly, I think, met all of your objectives and provided a great venue to look at, to explore and tease out these issues. Could I also say to the staff of ASPI thank you on behalf of the Defence Department. Could I also say how delighted I am that quite a number of young undergraduate and postgraduate students are here with us today. It's tremendously important that people building their intellectual capital in this field are also able to engage with policy makers and to hear from distinguished and esteemed speakers such as Paul, who's just covered the waterfront so very well.

In terms of the topic today, Australia's strategic choices, I'm glad I only need to cover one-tenth of Paul's ten points and one-fifth of his warnings. As a mere humble defence planner I don't have to focus as broadly so I'll go a little more deeply down those two paths.

To make judgments about Australia's strategic choices I need to think, as a senior policy maker and adviser, in terms of what my role is in terms of choice and that is to maximise choices available to the real decision makers, which of course is the government. That's my role, to provide advice, in my case through the Secretary of the department and the Chief of the Defence Force, to give advice to government on how they can maximise their choices in the field of military capacity and capability.

... I need to establish in my mind is what are the parameters for defence planners.

In order to do that the first thing I need to establish in my mind is what are the parameters for defence planners. You can't think about choice without thinking about the system in which choice needs to be deliberated. I'm not talking about a closed, fixed system, but a complex and non-linear system. What are its key features? First of all one can appreciate that one of the key parameters will be the nature of the global system in which we have to make these choices. One could imagine that governments of both persuasions will want to stay committed to a path of supporting globalisation, which will involve a stable and peaceful world, with the maximum flow possible of trade, movement of people, resources, capital, goods, et cetera, and where such flows are not inhibited by the threat of coercion or actual coercion. In that respect, fighting al-Qaeda, as we do, is an element in supporting an vibrant, open, globalised system.

Globalisation, of course, has its dark side. The Prime Minister touched on that in his remarks yesterday. It's also a theme of the early part of the Defence Update. Paul touched on it in his remarks. In the same way that communications technology, the Internet et cetera, has dramatically improved economic productivity and our ability to deploy human capital, it's also given people such as extremists, jihadists, the very same tools with which to ply their dark trade.

Another parameter relates to geography. Here I'm not going to open up or get into a debate about so-called geographical reductionism. I'm just simply going to speak the truism that policy makers will inevitably focus on the Asia-Pacific region. It's true when you look at the

empirical data just where ministers travel to where our major relationships are, with whom they mainly engage in strategic affairs. Our focus on Danish strategic affairs, for instance, at the moment is more to do with the princess and to some extent their close partnership with us as a NATO contributor, although not in the same province. But frankly relative to Denmark, the press coverage and the debate and discussion around our relationships with China, Japan, Indonesia, the Pacific states, PNG and the rest, East Timor, the situation on the Korean peninsula, it's self-evidently and empirically demonstrable that our focus is always going to be on the Asia-Pacific region for very good reason. Indeed the Defence Update states quite categorically that our future strategic landscape will be principally determined by the way in which the United States, China, Japan and other Asia-Pacific countries come to deal with each other in the Asia-Pacific and in particular how the US remains engaged in terms of its relationships with the countries of the western Pacific and the broader Asian, western Pacific and Indian Ocean region.

Another parameter relates to values. This is a highly contested space and governments quite properly should be the arbiter of how to express values through the enunciations of foreign policy through diplomacy. Generally speaking I can envisage the key parameters here being support for liberal, open societies, democracy, and also touching into Australia's national compassionate humanitarianism as exemplified in terms of our assistance to the people of Sumatra after the tsunami and of course defence had a role.

Another parameter relates to the nature of force. I absolutely agree with Paul that the nation-state remains the most powerful actor in the international system and will remain for as far as our eyes can see. Therefore in terms of making decisions about defence capability we need to think about the nature of force in two respects: the capacity of state actors, and we need to watch very carefully how military capabilities, particularly in our region, the region I described earlier, evolve and develop. But we also increasingly need to be concerned about the capacity of non-state actors, both terrorists but also I should add criminals, both of whom increasingly are developing military-like capability in terms of some of the weapons systems they can employ, their ability to use positioning and navigational systems, their ability to use communications, including encrypted communications. These are parameters that we need to factor into the system that we're analysing.

And finally capacity—one of the key parameters that configures the system in which we make decisions about how to employ military force relates to our own capacity. Demography is important here. Both the aging of the population—and yes, Chris, I was an avid reader of the intergenerational report, both versions of it; it is an incredibly important resource tool for our department—but also quantum. Twenty million people provides both capacity, but also constraints in how you develop your armed forces. With twenty million people on a continent the size we have, you don't go for choices around mass armies, and we haven't. But also your capacity in terms of industry, technology, science, the nature of your economy, how sustainable growth is, where revenues are trending. I should say in that respect—and the Prime Minister touched on this very strongly in his speech yesterday; he reminded us that in the budget that commenced a mere six days ago the government in cash terms has allocated \$22 billion to defence, which represented an uplift of 10.6% in cash terms on the previous year's budget. This represents 2% of national income. And the Prime Minister reminded us that it is the government's policy to sustain a 3% real growth increase in our defence budget out to the year 2016 at least.

But I do point to the fact—and of course government is the beneficiary of this advice—that the unit cost of our systems, our equipment, our work force in terms of our people, communications and the like, tends to grow at a faster rate than that. So capacity and resources and the resource constraints are an important parameter around the system in which you make choices. Those who occasionally write, as they do, that you shouldn't bring the resource parameter to the strategic decision-making table until after you've worked out what your strategy is, all I can say to those good-hearted folk is that they've obviously never had to put a Commonwealth budget together.

... let me highlight the key passages as I interpret them of the Defence Update ...

So having sketched out what I consider to be the key parameters of the complex and rather non-linear system in which we make choices, let me highlight the key passages as I interpret them of the Defence Update, where the government has, in the word used by Paul Kelly before, continued on an evolutionary path of growing our strategic guidance. I particularly turn here to pages 26 and 27 of the update as published. 'It remains the government's policy'—and this is a choice that's been made. It therefore creates an imperative on senior policy advisers such as myself to put up the maximum range of choices within this imperative. It's the government's policy that our armed forces 'must be able to defend Australia without relying on the combat forces of other countries. We must be the sole guarantor of our own security and it's not healthy for a country to become dependent on another for its basic defence.' And I draw your attention to the adjective quite deliberately chosen there and approved by government, 'its basic defence'.

The passage goes on to say that that situation would not be good for Australia or indeed its allies, and further if Australia was ever to be directly threatened, 'our allies may well be engaged elsewhere and unable to assist'. Of course, at this stage that may sound unlikely but it's a hard-learned lesson from the Second World War.

That passage then leads into the key description of our defence policy settings at the same two pages. Our defence policy in terms of force development principles turns on two key chosen parameters. There is the area in which Australia has chosen as a matter of policy to lead militarily. Again I quote: 'We must be able to limit the options of potential adversaries in our area of paramount defence interest.' The document goes on to describe our area of paramount defence interest in the terms that Peter Abigail touched on and a few other speakers have touched on. It includes the archipelago, the maritime approaches to Australia to our west, north and east, the islands of the South Pacific as far out as New Zealand, our island territories and the southern waters.

Secondly, the government's defence policy indicates that beyond that area of paramount defence interest, consistent with our interests and the pressures of our deployments, Australia should be prepared to contribute significantly in some cases where our national interests are closely engaged. The passage goes on to describe the circumstances and parameters there.

I draw then a close around this key point. When you look at the balance of investment, the actual empirical data available publicly, the balance of investment in terms of our capital budget, and of course the supporting recurrent ongoing costs that we fund underneath that capital budget, and you look at the major items of acquisition, I would argue that Defence has provided government with choices consistent entirely with its policy choices as articulated in that description that I've just given you of Australia's defence policy.

The balance of investment over the next ten years in terms of the approved defence capability plan will go to the joint strike fighter, as a replacement for our F-111 and Hornet fleet; our submarines, which you heard the Prime Minister describe as now world's best in its class, that is to say conventional; our air warfare destroyers recently decided by government through a tender process has been based on the Navantia 48-cell destroyer design; our intelligence, surveillance and reconnaissance systems built around the Australian developed over the horizon radar system, but other systems as well, some well known and some rather more sensitive. And added to that, in order to ensure that we can maximise government choices within that policy framework I've just described, an uplift in the strength, hitting power and depth of our land forces, which has been ongoing since the late nineties, as well as an increase in our lift and mobility capabilities and our ability to sustain those leadership operations that I described earlier in terms of building up our logistics capacity, communications capability and command and control.

If you don't have the wherewithal that I've just described towards the end of that description, there's no point having elite fighting forces—they won't have logistics, they won't have comms, they won't have food and they won't be able to get where they need to go. So we are filling out the force based on the resources that government has been providing to us over the time period that I've just described.

Contributors



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Dr Birrell has explored the implications of Australia's migration program for this country's workforce, economy and society. The latter includes analyses of the social divisions generated by migration. Relevant recent publications include (with Ernest Healy) 'Labour's shrinking constituency' (*People and Place*, June 2005), 'Birthplace: the new political divide' (*People and Place*, December 2002) and (with Katharine Betts) 'Making Australian citizenship mean more' (*People and Place*, March 2007). His volume *Federation: the secret story* (Duffy and Snellgrove, 2000) examines Australia's political and cultural origins.



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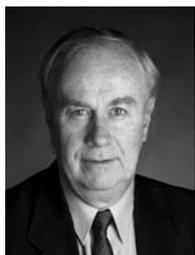
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Mr Kelly holds a Doctor of Letters from the University of Melbourne and a Bachelor of Arts from the University of Sydney. In addition, he has honorary doctorates from the University of New South Wales and from Griffith University. He is a 2002 Shorenstein Fellow from the Kennedy School of Government at Harvard University and has been a visiting lecturer at the Weatherhead Center for International Affairs at Harvard University.

He is a Fellow of the Academy of Social Sciences in Australia and in 2005 he delivered the Academy's annual Cunningham Lecture on governance in the Howard era. In 2006 he was a Visiting Fellow at the Lowy Institute for International Policy where he wrote a research paper on ten years of Howard's foreign policy.

Mr Kelly is the author of six successful books, *The Unmaking of Gough* (1976), *The Hawke Ascendancy* (1984), *The End of Certainty* (1992), *November 1975* (1995), *Paradise Divided* (2000) and in 2001 he presented the five part television documentary for the ABC on Australian history and character '100 Years—The Australian Story' and wrote a book under the same title.

He was Graham Perkin Journalist of the Year (1990) and a double Walkley award winner for excellence in 2001. Paul Kelly has covered Australian governments from Whitlam to Howard. In 2003 he co-edited with Peter Dawkins, the former Director of the Melbourne Institute, the book *Hard Heads, Soft Hearts* on a new domestic reform agenda for Australia.



Mr Michael Pezzullo

Mr Pezzullo took up the position of Deputy Secretary Strategy, Coordination and Governance in the Department of Defence in January 2006. In this role, he is responsible for defence strategy and planning, the strategic policy aspects of Australian Defence Force operations and Defence's international security relationships, and delivering national security programmes in areas such as export controls, counter-proliferation and Defence cooperation with other countries.

Mr Pezzullo joined the Department of Defence as a graduate in 1987. He worked in Defence until 1992 in a variety of strategic policy and intelligence positions. He then transferred to the Department of Prime Minister and Cabinet, where he worked in the International Division. In March 1993, he joined the staff of the Foreign Minister, Senator the Hon Gareth Evans QC. He remained in Parliament House until December 2001, including serving 5 years as Deputy Chief of Staff to the Leader of the Opposition, the Hon Kim Beazley MP.

In February 2002, he rejoined the Department of Defence as an Assistant Secretary in the Corporate Services and Infrastructure Group (now Defence Support Group). In March 2004, he was promoted to the position of Head Infrastructure. In July 2004, he was transferred into the newly formed role of Chief Of Staff Australian Defence Headquarters and Head of Coordination and Public Affairs Division.

Mr Pezzullo has a BA(Hons) in History from Sydney University.



Dr Benjamin Reilly

Dr Benjamin Reilly is Director of the Centre for Democratic Institutions at the Australian National University. He has advised many governments and international organizations on issues of democratization, party politics, electoral systems and conflict management, and published widely on these subjects.

Dr Reilly has held visiting fellowships at Oxford, Canterbury and Harvard universities, and his work has received financial support from the Carnegie Corporation of New York, the U.S. Institute of Peace, the East-West Center, and the Australian Research Council.

His latest book is *Democracy and Diversity: Political Engineering in the Asia-Pacific* (Oxford University Press, 2006).



Dr Masashi Nishihara

Masashi Nishihara is President of the Research Institute for Peace and Security, Tokyo, Japan since 2006. He is also Chairman of the (Japanese) Association of Security Studies.

Dr Nishihara was President of the National Defence Academy of Yokosuka, Head of its School of Social Sciences (1996–99) and Professor of International Relations at the Academy (1977–79). Dr Nishihara was Advisor to Prime Minister Koizumi's Private Task Force on Foreign Relations. Prior to that, he was Director of the First Research Department, National Institute for Defence Studies, Tokyo, for three years while concurrently teaching at the Academy. In 1986–95 he served on the council of the International Institute for Strategic Studies (IISS).

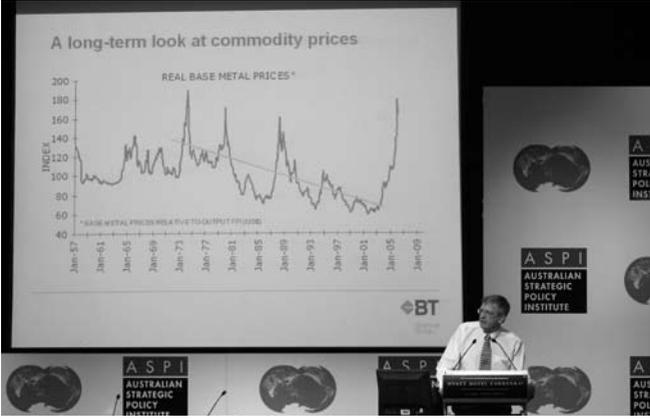
He graduated from the Law Department of Kyoto University and received a M.A and Ph.D. in political science from the University of Michigan. He has taught at Kyoto Sangyo University, Visiting Fellow at the Australian National University in Canberra and at the Rockefeller Foundation.

He is the author of many reports on Japanese foreign and security policy issues, including *The Japanese and Sukarno's Indonesia* (1976), *East Asian Security and the Trilateral Countries* (1985), *UN Peacekeeping Japanese and American Perspectives* (co-editor 1995) and *The Japan-US Alliance: New Challenges for 21st Century* (co-editor 2000).



Dr Elsina Wainwright

Dr Elsina Wainwright is a Visiting Fellow at the Australian Strategic Policy Institute (ASPI) and an Adjunct Associate Professor at the Centre for International Security Studies (CISS) at the University of Sydney. She is a member of the Defence and National Security Advisory Council, which advises the Australian Defence Minister. From 2002 to 2006 she was the Strategy and International Program Director at ASPI. Before joining ASPI, she was an Associate with the management consulting firm McKinsey & Company and a consultant political analyst for the International Crisis Group in Bosnia. She is a 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.



Photos from the conference.

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