

Alone in battle against volatility

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The peripheral location of our continental landmass has always raised questions about our place in the world. We see ourselves as a Western culture with a northern economy.

Yet we are located east of the Far East and south of the South Pacific. Our two great and powerful friends have been antipodean and our defining international ventures have taken place on distant shores under their auspices. Every year thousands of young Australians make a patriotic pilgrimage to Anzac Cove, 14,000 kilometres from Sydney.

For most of our modern history, this tyranny of distance has kept Australia largely insulated from primary global security threats. Rather than being tyrannical, our distant location has spared us much misery and conflict.

Times have changed. As great power conflicts are increasingly unlikely, global attention has shifted to the new security threats: from terrorism to climate change, the spread of infectious diseases and global organised crime.

The states of greatest concern are no longer large, powerful ideological opponents but rather the small, weak and failing.

In this new world, the greatest policy question - Can outside powers effectively rebuild dysfunctional states? - has no definitive answer and recent evidence strongly suggests the negative. Think Iraq, Haiti, Somalia and East Timor.

In this new world, Australia is close to a large number of fragile countries and faces these challenges as the only regional power with significant capacity. It may be the power most exposed to these new security concerns that demand innovative and sustained action.

Socio-economic statistics on the South Pacific are not for the faint-hearted. It is the most aid-dependent region in the world, and one of the worst performing. In 2006, AusAID revisited a report, commissioned in 1993, on the Pacific in 2010. The new report revealed that the earlier "doomsday scenario" for Pacific underdevelopment had largely been realised five years earlier than expected.

Papua New Guinea, roughly 12 times the population of the Solomon Islands, is our closest neighbour and engenders the most worry. State failure in PNG is a seemingly plausible nightmare scenario that haunts decision-makers in Canberra. Last year AusAID accounted for 70 per cent of programmed aid disbursements to PNG.

The Australian government, with bipartisan support, has decided that state dysfunction in the South Pacific is a threat to Australia and has adopted the role as the provider of regional stability of first resort.

Last year, the formerly aid-wary government announced a (nominal) doubling of the AusAID budget by 2010, earmarking the vast majority of new money for four areas: eastern Indonesia, southern Philippines, PNG and the Pacific. Even before this announcement, Australia had one of the most regionally concentrated aid budgets in the world. Australia's aid relationship with the

Solomon Islands, running at close to \$500 a year per Solomon Islander, may be the most expensive per capita aid program in the world.

Government officials are speaking of decades and even generations as the time frames for policy outcomes in helping rebuild Pacific states. This new approach also goes well beyond the provision of infrastructure and policy advice, to actively envisage the restructuring of recipient states, including their political environments.

In the Solomon Islands, AusAID has a "large machinery of government" team. In PNG, there is an enhanced focus on programs to encourage locals to actively demand more from their bureaucratic and political representatives. During the early days of the coup in Fiji, Foreign Minister Alexander Downer advocated that Fijians passively resist their new, uniformed rulers.

Unsurprisingly, this led to a growing chorus of criticism from affected political elites that Australia is trampling on their sovereignty. This criticism cannot be brushed aside as whingeing as it comes from those who control the levers of political power. Australia's billion-dollar Enhanced Co-operation Program with PNG was emasculated in 2005 when the PNG Supreme Court declared the major part of it as unconstitutional invasion of sovereignty. Solomons Prime Minister Manasseh Sogavare tossed out the Australian High Commissioner and threatened to expel the Australian-led regional assistance mission (RAMSI) for infringing on his country's sovereignty.

Australia's most difficult international policy challenges are at our doorstep and we face them largely alone. State rebuilding demands the rewriting of the rules of interstate interaction and sovereignty. Australia has committed itself to doing exactly this in the South Pacific. We run the serious risk that we will spend billions and deploy thousands for little or no long-term improvement and get offside the regional political elites whose support is the linchpin of such an approach.

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