

Australia's Asian Century White Paper: A goer or a beat up? by Nicole Forrester

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Most countries are waking up to the opportunities and challenges created by the extraordinary economic dynamism in Asia, but few are as conflicted about this process as Australia. This isn't because Australia is more vulnerable to this transformation, but rather because relations with Asia go to the heart of Australia's identity. A nation with historical ties to Anglo-Celtic Europe is increasingly Asian in look and orientation. In an attempt to guide the country through this tempest, Prime Minister Julia Gillard's government last week released a white paper on Australia in the Asian Century. A worthwhile endeavor with thoughtful suggestions, the White Paper reveals much about the government's thinking on Australia's future economic prosperity; however, it lacks a deep reflection on Australia's place in the region.

The document has been greeted with impassioned commentary and criticism, much of which says more about the commentator than the white paper itself. To appreciate the significance of this report, it is important to remember what it is and what it isn't. Guided by former Treasury Secretary Ken Henry, it offers the public and policy makers guidance on how Australia can position itself to take advantage of Asian prosperity. It articulates a strategic calculus to shape policy across the whole of government. Significantly, it is not a foreign policy or defense white paper. And while a single document with this focus and scope is both novel and significant, it includes what many of Australia's Asia hands (both in and out of government) have been saying and doing for quite some time.

Extrapolating current trends, the White Paper concludes that the Asian Century is upon us. While there is much hoopla about the region's future, the paper notes that Asia is already lifting millions of people out of poverty to live longer and prosper. While acknowledging the usual hedges and uncertainties – sustainable economic growth, demographics, reform and corruption – it forecasts that by 2025 the region will account for almost half the world's output. Asia will become both the world's largest producer and consumer of goods and services. Expanding middle class wealth and its accompanying boon await: Australia must seize the day.

Foreign policy observers will note that it calls the US “the single most powerful global and regional power for some time to come” and highlights its continued role in delivering sustainable security to the region. It avoids “the China choice” by maintaining the long-held Australian position that an inclusive approach to regional relations benefits regional stability. That means emerging powers such as China and

India need to be inside the tent along with ASEAN, Japan, and South Korea. It identifies the East Asia Summit (EAS) as “a critical regional institution in East Asia.” EAS members account for 55 percent of global output and the same proportion of the world's population; eight member governments are in the G20, while three are permanent members of the UN Security Council.

The Asian Century demands a response, and the White Paper identifies objectives and aspirational declarations of where Australia will be in 2025, laying out specific pathways to get there. It connects the dots between domestic policy – improving skills, education, productivity and infrastructure, as well as tax, regulatory and economic reform – with maximizing opportunities afforded by greater economic integration with Asia. Significantly, it acknowledges that understanding the region takes more than mastery of an Asian language; fortunately, Australia already has a program to build Asian literacy among Australian students, albeit on a small scale.

Implicit in the White Paper is the belief that Australia's greatest challenge is adapting to the new century; this should require a departure from old thinking that focused instead on how Australia can shape the region to its benefit. This demands stronger and more comprehensive relationships throughout government. To that end, the White Paper recommends “all government departments and agencies embed international considerations into their domestic policy analysis and implementation and prioritize working relationships with their regional counterparts.”

It also recognizes that governments can't do all the heavy lifting. The White Paper urges the business, university and community sectors, as well as the labor movement, to deepen and broaden the nature of Australia's engagement in the region. It correctly identifies the need for Asia-capable leaders, workplaces and institutions. Recommendations aimed at big business, companies with boards, directors and stock market listings, are essential as these organizations are largely Anglo-centric in appearance and orientation. But solutions proffered are limited in both scope and creativity. Government encouragement of boards to “include more businesspeople with direct expertise from within the region” is commendable but hollow. Encouragement to increase women's participation in Australia's boardrooms has been far from successful.

Pathways also fail to address Australia's Small-to-Medium Enterprise (SMEs) Asian literacy gap, even with the promised improvement of government export promotion services. SMEs have much to gain from the expanded market access afforded by regional trade agreements but have the most difficulty in deciphering opportunities at home, let alone implementing them abroad.

More troubling however, is the perennial demand to do more without providing the resources to do so. While promising that “Over time, we will continue to review our diplomatic representation in Asia to reflect new priorities, both in capital and regional cities,” the Department of Foreign Affairs and Trade (DFAT) is – once again – asked to do more with less. DFAT is the face of the country overseas, but remains chronically underfunded.

A larger question hangs over the entire project: while the White Paper acknowledges the economic ties that bind the region are strong, there remain fault lines in the strategic environment that at worst threaten to derail this happy future or could ‘merely’ constitute bumps along the road. This isn’t pessimism so much as realism: in 1989, who forecast a lost Japanese decade? In 2005, who anticipated the global financial crisis? While straight line projections are invariably a basis for planning, it would be helpful to see how various challenges – China’s internal and demographic problems, India’s fitful commitment to economic reform, the growing territorial disputes, or implosion on the Korean Peninsula, to name only the most obvious – could shake Australia’s future. Most significantly, as Australia hitches its fate to Asia, what will it do if the region stumbles? Is there a Plan B?

Ultimately, the White Paper may be a victim of its own ambitions. If Australia is to become a part of Asia, then the country will need a huge adjustment – if not transformation – to adapt to this new world. But the White Paper focuses on economic and procedural concerns – a formula for future prosperity – while missing the opportunity to explore Australian identity. This is a troubling oversight when the basic question raised by Asia’s rise is whether any Anglo-centric country can ever be part of the Asian Century.

Then there is the fact that this, like all white papers, is a political document. This government is embattled on many fronts; not only is it a minority government, but the ruling party is riven by internal conflicts. Beyond the desire to set forth a strategic vision of how Australia will engage with key neighbors and partners, the government needs a good news story, a distraction from the woes that consume the public and the persistent feeling of “doing it tough” that Australians cling to despite 21 years of steady GDP growth.

Australia watchers can be forgiven a sense of *deja vu*. Since the early 1980s, Canberra has made several attempts to reorient itself toward Asia, most seriously with the Garnaut and Ingleson reports. Delivery has been less than exemplary. More comprehensive than those predecessors, this White Paper remains vulnerable to domestic political vagaries including a change of leadership, government or even public opinion, or the short attention span created by an ever tightening news cycle.

That doesn’t mean this is an empty document or yet another well produced bookend. Identification of the challenges is important and plausible and worthwhile steps toward Australia’s regional self-actualization have been articulated. The hard yakka – implementing the pathways to deliver results – awaits. Again, precedent warrants skepticism: Ken Henry’s last strategic review (on comprehensive tax reform) was heralded and then shelved. Even the 2009

Defense White Paper has exposed gaps between defense planning and budget dollars.

The Australian cultural default is to believe “No worries, she’ll be apples!” – that everything will be alright in the end. If Australians prosper in the Asian Century, will this be as a part of Asia or because of Asia?

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