At the end of the Cold War period, the geopolitics of Australia’s regional relations were described in terms of the application of a ‘directional front model’ — that is, it was argued that, during the late-Cold War and post-Cold War periods, Australia’s regional relations had been developed along four broad ‘fronts’ (Rumley, 1999). A cooperative security front was developed to Australia’s north; an aid front was in place to Australia’s east; an environmental security front had been agreed to Australia’s south; and, in 1997, a trade front was constructed to Australia’s west (Figure 1). These four fronts had been developed primarily for reasons of regional security, in the broadest meaning of the multidimensional term security. The most recent creation of the fourth (Indian Ocean) front can also be represented as a ‘closing’ of the circle of security around Australia. The end result was that Australia had attempted to construct a geopolitical foundation for a secure re-

Figure 1
Regions of Australian Strategic Interest (Source: Rumley, 1999, p. 169)
regional future. However, to some extent, this construction has been jeopardized by the increasing incidence of non-traditional security threats, especially after 9/11 and 12/10, and the emergence of a so-called ‘arc of instability’ located within Australia’s region of primary strategic interest or ROPSJ (Figure 1). The increasing importance of ‘non-traditional’ security threats since the end of the Cold War has engendered a regional geopolitical transformation in the character of Australia’s ROPSJ into an arc of instability (Rumley, Forbes and Griffin, 2006). Since the nature of the main security threats has shifted away from traditional state-based to non-state-based threats, then this has some fundamental implications both for regional relations and for the structure and conduct of Australian regional security policy. The principal purpose of this paper is first to evaluate the arc of instability concept before proceeding to discuss its causes. Thereafter follows an analysis of some of the most recent developments in the region, which in the main appear to be fundamentally related to underlying problems of governance. Finally, an attempt will be made to identify some of the policy implications of these developments as well as some of the remaining policy dilemmas and possible solutions which face all policy-makers in regional states and others with a regional interest. It is concluded that, since the essential problems in Australia’s arc of instability stem from a combination of severe regional limitations in terms of state viability, governance and human security, serious consideration needs to be given to a reevaluation of some variant of the 19th century Australasian federation model, a solution indicated by the 2003 Australian Senate Inquiry (Commonwealth of Australia, 2003c).

**The Arc of Instability — Concept and Reality**

In the mid-1980s, the Dibb Report declared that Australia was “one of the most secure countries in the world” due to the nature and structure of its geopolitical environment. Not only was Australia distant from the main global centres of military conflict, it was also surrounded by large expanses of water which made it difficult to attack, and, furthermore, regional states possessed only limited capability to project military power (Dibb, 1986). However, in the post-Cold War period, and especially since 9/11 and 12/10, it has become clear that the nature of security threats can no longer be viewed solely through the lens of traditional realist frameworks (generally concerned with ‘traditional’ state military security threats among states) and that the geopolitical character and structure of Australia’s cooperative security front had changed. However, not only had there been a fundamental shift in the geopolitical character of the cooperative security front but that also it was clear that this change represented another shift in the type and scale of security threat — that is, increasingly away from the state to intra-state and non-state threats. In particular, the impacts of ‘non-conventional’ threats, such as terrorism, transnational crime, drug trafficking, people smuggling and money laundering (Dupont, 2001) in combination with a unique array of regional circum-
stances, have resulted in a series of intra-regional conflicts — for example, in Bougainville, East Timor, Fiji and Indonesia — and the associated emergence of an “arc of instability” to Australia’s north and east. Furthermore, as noted by the most recent Government White Paper on Australian foreign policy, instability is likely to be characteristic of Australia’s immediate region for the foreseeable future (Commonwealth of Australia, 2003a, 92).

Characterisation of the Regional Concept

Many geopoliticians and policy-makers have a penchant for regional geometrical characterisation, especially in the form of crescents, circles, triangles and arcs. There also exists a long geopolitical tradition of identifying global regions of power (for example, the “Heartland” — Mackinder, 1919), regions of geopolitical commonality (for example, “geostrategic regions” — Cohen, 1964) as well as regions of instability (for example, “The Eurasian Balkans” — Brzezinski, 1997). From an American global perspective, the region stretching from the Middle East to Northeast Asia, for example, has been referred to as a “broad arc of instability” (US Department of Defense, 2001, 4). It has also been characterised as an “arc of terror” since it is seen to comprise many unstable states with few strong Western allies which possess an assemblage of either chemical and/or nuclear weapons (Bracken, 2000, 2).

In the Australian regional case, over the past several decades, its current “arc of instability” has been geopolitically characterized in various ways. For example, during the Cold War period, some geopolitical analysts referred to the region to Australia’s immediate north as a “shatterbelt” — that is, a region characterized by considerable internal fragmentation, which, to a degree, was exacerbated by external great power competition (Cohen, 1964). Others have represented the region as a “cultural shatterbelt” as a result of a complex process of interaction among local ethnic groups, early culture impacts, primary religions, European influence and Indian and Chinese settlement (Spencer and Thomas, 1971). Such representations tended to reinforce the “gravity theory” conception for Australian security noted earlier. Third, in the late Cold War period, the region to Australia’s north was characterized as the Region of Primary Strategic Interest (Dibb, 1986). Fourth, in the post-Cold War period, the geopolitics of Australia’s regional relations have been represented as consisting of four broad ‘fronts’ (Rumley, 1999). Regional security to the north was to be guaranteed regionally via a series of agreements among states and regional stability to the east was to be enhanced through appropriate Australian development assistance. Indeed, during the post-Cold War period, the highest per capita aid allocations have consistently been given by Australia to states in this region, which is the only one in the world to have been regarded as being a part of Australia’s traditional sphere of influence (Rumley, 1999, 188). This was formerly expressed in terms of an “Australasian Monroe Doctrine”, which emerged during the colonial period in the latter part of the nineteenth century, and which regarded the South Pacific Islands as an Anglo-Saxon preserve in
which “other ‘powers’ should not trespass” (Fry, 1991, 12).

In the 21st century, however, many observers now commonly use the term “arc of instability” to characterise the region to Australia’s immediate north and east (for example, Hughes, 2003, 25) and it is a term which now appears in official Australian government reports (for example, Commonwealth of Australia, 2003c, 105; Commonwealth of Australia, 2004a, 45). It is also a term which has been popularised by the media, especially following the close involvement of Australia in INTERFET in 1999. As a result, Australia’s immediate region — stretching from Christmas Island in the west, through the Indonesian archipelago and east and south through Solomon Islands and on to Tonga (Figure 2) — has been portrayed as being beset by separatist movements, dysfunctional governance and actual or potential failed states (Barker, 2002). Furthermore, concerns over such a potentially threatening regional environment were reinforced by the Bali terrorist bombings of 12 October 2002 and lent weight to a view that Australia’s defence planning should concentrate on its proximate region (Ayson, 2002).

**Evaluating ‘Australia’s Arc of Instability’**

However, it can be argued that Australia’s immediate region is not homogeneously unstable, that the term “arc” is not a healthy metaphor and that it is an artificial construct. Furthermore, it can be suggested that the arc of instability concept is an over-generalisation, an oversimplification and even an exaggeration and that the term ‘vulnerability’ might be preferred to ‘instability’. In-
deed, the geographical extent and limits of the region are often vaguely defined with some suggesting that it extends into the Philippines and even into southern Thailand. This contested nature of the “arc of instability” appellation has prompted one influential commentator to refer to the region as an “alleged ‘arc of crisis’” and to argue that this characterisation is being used as a mechanism for increasing military spending or as a rationale for an outdated regional strategic orientation (Dupont, 2003). On the other hand, given the multidimensionality of the term security, then “the region’s underlying problems which are overwhelmingly economic, social and environmental” (Dupont, 2003, 60) will inevitably be associated with national and regional instability. Such a situation, in turn, requires a multidimensional security policy response.

The phrase ‘Australia’s arc of instability’ is thus a problematical one since it lies open to numerous interpretations. For that reason alone it can irritate both academics and government policymakers. In short, ‘instability’ is a relative term and thus it would be more accurate to say, therefore, that there are degrees of instability and degrees of system collapse.

From an Australian perspective, the potential risk of serious financial mismanagement also lies elsewhere in the arc and perhaps most notably in the newest and poorest state of all, East Timor. In Fiji, past financial mismanagement combined with corruption has shaken the system. Some of those who have lined their pockets not only have investments at home and abroad, as well as security systems intact to protect them from the poor when the going gets tough, but, in a few cases they have been rewarded with diplomatic posts abroad where they are not easily accountable to the public and where they can profit further from the public treasury.

This brings us to the other part of the phrase: ‘Australia’s arc’. The direction of an arc depends on the viewpoint from which it is drawn, and what falls along or within it depends upon its range. The ‘arc’ in this paper has looked out from Australia (or rather from a rough point of origin we call ‘Australia’) and consequently it has its limitations. For example, it might easily have extended to include Thailand, Malaysia, Japan, South Korea, North Korea, Philippines, Taiwan and, therefore, China, whose stake in the Pacific Rim and even in the Pacific Islands where it already has interests, is expected to increase considerably in the next few decades (see Crocombe 2001). However, we have not included these countries for several reasons. First, however its analytic value is judged, the ‘arc of instability’ concept is generally presumed in Australia to include those states and territories included here, even if others are excluded. Second, other states and foreign territories may see our arc differently. They may not see the risks Australians do or may regard them as being insignificant compared to their own regional context; they may see risks that Australians do not; in fact, they may see Australia as being the unstable state, particularly given the Howard Government’s depth of commitment to the USA alliance, and the mixed views on this held by an electorate that is asked to go to the polls every three years. However, even if all of this were the case, this does not mean that our view of the arc is mistaken or cannot be appreciated by others; nor
‘theirs’ by us, for that matter. In fact, if the risk of system collapse really does have region-wide implications then it is vital that Australians make every effort to see the region from the perspective of each state and territory within the arc, or, if you will, it is vital that Australians in politics, government, media, NGOs and other agencies involved in development, human rights and peace and justice issues, try to see regional states in all of their complexity through the eyes of the different local stake-holders.

**Causes of Regional Instability**

The causes of the twenty-first century geopolitical characterization of the region as an arc of instability are multiple, complex and interdependent. In summary, regional instability is as a result of a combination of economic problems and limited resources, social tensions, rapid population growth and poor governance (Commonwealth of Australia, 2003a, 92).

However, as has been argued, this region has also become more of a threat to Australian security as a result of the increasing globalization of non-state threats. The attacks of 9/11 and 12/10, for example, indicate the global reach of terrorism and demonstrate that the region “is no longer immune” to such events (Commonwealth of Australia, 2003b, 18). In short, a fundamental assumption of the Dibb Report regarding Australia’s security on account of distance is no longer relevant. Thus, as has been argued, Southeast Asia is no longer the “strategic shield” it was expected to be for Australia when it possessed strong economic growth and was politically stable (Dibb, 1999). Indeed, other analysts have gone further to suggest that Southeast Asia may well have become the “second front” in the “war against terror” (Gresham, 2002; Commonwealth of Australia, 2004b).

A further cause of regional instability is linked to the regional history of colonialism in which the European powers arbitrarily divided territory without due regard to local social, economic and political structures. The decolonization process in this region is not yet complete and is made more complex by the resurgence of ethnic identity and the requirement for much greater local political participation, even freedom and justice, on the part of colonized peoples. Of the sixteen Non-Self-Governing Territories identified by the United Nations, five are located in the Pacific — American Samoa (USA), Guam (USA), New Caledonia (France), Pitcairn (UK) and Tokelau (New Zealand). The current status of these territories not only is a cause for international concern, but it is also potentially a factor contributing to regional instability. On the other hand, territories which have been incorporated into a larger state (as was the case with West Papua) inevitably will agitate for greater local control as the host state itself moves towards greater democratization. In short, regional political development is itself likely to be associated with an increase in territorial instability (Rumley, 1999, 31).

Yet another cause of conflict in part arises from the second; that is, given decolonisation and
freedom, can the resultant political jurisdiction remain socially, economically and politically viable? Many of these jurisdictions have small populations, are ethnically diverse, have few resources and rely heavily on a limited number of export commodities such as agriculture, fishing, tourism and mining (Table 1).

Furthermore, all of these commodities are highly susceptible to fluctuations in world markets. Consequently, economic security questions are a regional cause for concern (Commonwealth of Australia, 2003c, 13). As has been argued, failed states can fall prey to lawlessness and to terrorist activities (Rotberg, 2002). In addition, problems of viability in a highly competitive globalised environment can result in political jurisdictions becoming hostage to a range of illegal and controversial social, economic and environmental practices which invariably negatively impact upon the quality of governance. The end result can thus turn out to be a state which is the antithesis of the one anticipated at decolonisation.

An associated cause of instability is that of economic insecurity — many of the regional states and territories are economically unstable and have experienced low or even negative economic growth rates (Figure 3) in recent years (Commonwealth of Australia, 2003c, 24; Australian Government, 2004, 92). However, as has been shown for Vanuatu, there does not appear to be a strong correlation between low growth rate and level of happiness (Japan Times, 2006).

Nonetheless, most of these states are heavily dependent upon a relatively small number of donor states for development assistance. In 2000, for example, the United States was the largest regional donor to the Federated States of Micronesia and the Marshall Islands; Japan was the largest donor to Fiji, Indonesia, Kiribati, Palau, Samoa and Tuvalu; Australia was the largest donor to Nauru, Papua New Guinea, the Solomon Islands, Tonga and Vanuatu (Table 1); New Zealand was the largest donor to the Cook Islands, Niue and Tokelau; and, France was the largest donor to New Caledonia (Development Assistance Committee). Perhaps it is no surprise that, as Pacific states, of-
ficial development assistance from Australia and New Zealand is the most regionally-targetted of all of donor states reflecting a mixture of security, paternalistic responsibility and humanitarian motives.

Aid dependency, of course, is potentially problematical when it comprises a high proportion of a recipient state’s budget (historically the case for Papua New Guinea) and where a very large proportion of ODA derives from a single donor state (for example, in the cases of Indonesia, Nauru, New Caledonia, Niue, Papua New Guinea and Tokelau). For Australian ODA (Table 1), the degree of regional aid dependency varies from 41.5 per cent and 37.1 per cent for Nauru and Fiji respectively to 19 per cent for Vanuatu (Australian Government, 2004, 91). Furthermore, questions have been raised about the efficacy of development assistance programmes, especially in terms of their relation to positive human development outcomes (Hughes, 2003).

Aid motives, whether they are humanitarian, strategic, or some combination, too often in the past have been determined by donor states and have been subject to change. Indeed, regional competition among potential donor states has included other countries such as the former USSR, China and Taiwan. However, the dynamics of recipient state aid are equally evident regionally. Thus, for a time, France became Fiji’s largest aid donor after aid from Australia and New Zealand was suspended following the 1987 coup (Bates, 1990, 123). This appears to illustrate, in the case of much regional Australian ODA, for example, that there has been a considerable tendency for it to be overly “crisis driven” (Commonwealth of Australia, 2003c, 105).

A further source of regional conflict has been ethnic tension, caused often, but not always, as a result of the territorial division of colonial control, and expressed usually between indigenous communities and/or between indigenous communities and more recent immigrant groups. Conflicts are triggered invariably by disputes over resources and/or the felt need on the part of some groups
for greater economic and political participation, especially when the non-indigenous groups have a controlling interest or possess a disproportionate degree of economic and political power. Regional secessionist movements (for example, in West Papua), independence movements (for example, in New Caledonia), and actual and potential disputes over land and sea resources generally possess a strong ethnic dimension.

Religious fundamentalism is also officially seen as a contributory cause of the arc of instability. It has been argued that various types of religious fundamentalism are often both a response to globalization, which engenders a mismatch between ideological needs and available opportunities to satisfy those needs, as well an instant remedy to rapid change which is imposed from the outside (Misztal and Shupe, 1992). In Southeast Asia, for example, it has been suggested that “extremists within Southeast Asia target not only Westerners, but also seek to destabilise the region’s secular governments” (Commonwealth of Australia, 2003a, 40). From this perspective, religious fundamentalism not only functions as an internal threat to the host state, but is also a direct threat to Australian regional interests.

Recent Developments: Selected Case Studies

The essential problems within Australia’s arc of instability comprise a combination of issues related to state viability, good governance and human security. In particular, the nature and efficacy of representation and democracy needs to be given much greater policy attention within and among states in the region. Since the publication of *Australia’s Arc of Instability: The Political and Cultural Dynamics of Regional Security* (2006), these problems have reemerged in various forms over the past 12 months. While the Southwest Pacific has long been regarded by Australia as its sphere of influence, there has been concern over competition for regional influence both from European states and the USSR during the Cold War period, and, more recently, by Asian states during the post-Cold War era. It seems likely that such external influence is now to some degree exacerbating the extent of regional instability.

One overall regional policy dilemma revolves around the nature of Australia’s regional role and the regional perception of what that role is and ought to be. For example, one commentator has referred to Australia’s regional role as “security protector and nation builder” (Walters, 2006a). Indeed, the Australian Prime Minister has been quoted as saying:

...we are seen by the rest of the world as the sort of security guardian of our region (Nicholson, 2006)

Although there have been recent violent pro-democracy demonstrations in Tonga and for the
past two decades there have been ongoing tensions in Fiji between the military and the government, due to restrictions of space, three case studies — East Timor, Solomon Islands and West Papua — have been selected for brief consideration in this section of the paper in order to illustrate these issues.

**East Timor: An Emergent State**

In May 2006, at the request of the East Timorese government, Australia launched a 1300-troop emergency peacekeeping deployment as part of Operation Astute to maintain stability as clashes occurred in Dili between government troops and up to 600 rebel soldiers and a number of “lawless gangs”. In this seemingly confusing context, much was also made of a conflict between soldiers identified with the country’s east and west. The violence appears to have been precipitated in April by the Prime Minister’s decision to dismiss 600 soldiers in an army of 1400 when they protested over alleged discrimination against troops from the west of the country.

The conflict was also apparent within the structure of the government itself, since it seemingly divided the President, Xanana Gusmao, and the Prime Minister, Mari Alkatiri. This led to a protracted stand-off and eventually to Alkatiri’s resignation in June and to the installation of the “non-aligned” foreign minister, Jose Ramos-Horta, as the new Prime Minister in July 2006. As Australia’s Prime Minister Howard commented at the time of the outbreak of the violence: “The country has not been well governed” and there was a feeling among some commentators that the Australian deployment may become a long-term commitment (Walters, 2006a). However, Malaysia, New Zealand and Portugal had all agreed to provide additional help. Australia was especially concerned in this regard about how relations with Indonesia would impinge upon its renewed international security role in East Timor.

The Australian government committed A$1 million in aid in response to the East Timor crisis. In addition, there was a view that perhaps the UN operation had been terminated too soon and thus there were diplomatic efforts by Australia to renew the UN mandate. In August 2006, UN Secretary-General, Kofi Annan recommended that almost 2000 UN troops and police should be sent to East Timor as part of the peacekeeping mission which would take over from the Australian-led international force. The UN role would not only be designed to ensure stability and assist in the rebuilding of East Timorese defence forces but would also ensure the security of the East Timorese Presidential and Parliamentary elections due in 2007.

In October 2006, a report of a UN Special Inquiry Commission into the causes of the East Timorese violence pointed out that former East Timorese Prime Minister Alkatiri and a number of senior government and security forces members should be investigated for any possible criminal responsibility. However, the report went on to conclude that the crisis could largely be explained by “the fragility of the young nation’s institutions”. As the report also noted: “Failures of the rule of
law and accountability were at the heart of the events of April and May” (The West Australian, 18 October 2006). Although the Inquiry has no legal authority, its recommendations are expected to be followed up by the East Timorese judicial system (Murdoch, 2006b).

Meanwhile, it appears increasingly likely that the latest wave of gang violence in East Timor is “organised”, according to the United Nations. Officially, the UN is uncertain as to who is doing the organising (The Weekend Australian, 2006). The former East Timorese Prime Minister, Mari Alkatiri, referred to recent unrest as part of a “well-planned conspiracy” (Murdoch, 2006a). For example, some lingering suspicion remains on the part of some commentators that certain powerful groups both within East Timor and perhaps also within Indonesia have never forgiven Australia for its involvement in liberating the former. A combination of dragging Australia back into a protracted conflict while at the same time fomenting anti-Australian sentiment would create an extremely difficult and dangerous security dilemma. Furthermore, Australia’s sensitivity about it not being the lead state and about the necessity for the renewal of the UN mandate for East Timorese peacekeeping would lend some credence to concerns over maintaining good relations with all local interest groups as well as with mainstream forces within Indonesia.

**Solomon Islands: Governance and Outside Influence**

In the case of the Solomon Islands, suggestions of vote-buying began to surface after the most recent national elections, which were held on 5 April 2006. It is alleged that a significant sum of money was channeled from Beijing to fund a political party that might facilitate a change of government allegiance from Taiwan to the PRC after more than 20 years of recognising the former. It is also alleged that such actions were also associated with a wave of arson, looting and leadership manoeuvring following the elections. The Australian government has apparently informed both China and Taiwan that “chequebook diplomacy was destabilising the Solomon Islands” (Skelton and Skehan, 2006). In late-April 2006, the now Prime Minister of Solomon Islands, Manasseh Sogavare, declared that it was time to drop the diplomatic recognition of Taipei in favour of Beijing. Others felt that such a shift would not only reflect new international realities, but would also bring greater economic benefits to the Solomons since China was now the country’s largest trading partner (Skelton and Skehan, 2006).

From the beginning of the new Prime Minister’s tenure in office, Solomon Islands relations with the Australian government have become increasingly strained. For example, in May 2006, the Australian government was critical of the Solomon Islands Prime Minister for including two jailed MPs in his cabinet line up. Furthermore, the Australian government has also been critical of the terms of reference of the Sogavare government’s commission of inquiry into the April riots in Honiara since it felt that one of its main aims was to exonerate the two convicted MPs.

In September 2006, Manasseh Sogavare rang John Howard to say that the Australian High
Commissioner, Patrick Cole, was no longer welcome in Honiara. It was felt by many that the decision to expel the High Commissioner would inevitably complicate the functioning of the Australian-led Regional Assistance Mission to the Solomon Islands (RAMSI) to which Australia has committed A$800 million since July 2003 (Walters, 2006b). In apparent retaliation, the Australian government imposed a stricter regime on the visa requirements for Solomon Islands politicians visiting Australia.

To complicate relations further, an Australian lawyer, Julian Moti, who apparently suggested setting up the riot inquiry commission and who Mr Sogavare had nominated to be his Attorney-General, was wanted by Australian authorities under sex tourism laws for alleged offences in Vanuatu. Moti was arrested by PNG police in Port Moresby en route to the Solomons but managed to escape there on a PNG military flight. PNG Prime Minister, Michael Somare, however, denied any knowledge of this. PNG’s apparent complicity in the handling of the Moti case led to Canberra’s suspension of ministerial visits, including those by its Prime Minister and Defence Minister. As Alexander Downer, Australia’s foreign minister, pointed out at the time, the Moti affair indicates the magnitude of the problem of poor governance in countries such as the Solomon Islands and PNG and stressed that Australia was not prepared to continue to give aid while ignoring this issue (The West Australian, 2006).

**West Papua: Peripherality and Local Control**

One of the several regional non-conventional security threats faced by Australia in recent years has been “unregulated immigration”. This has taken various forms and the Australian government has generally taken a very strict and controversial position on maintaining the integrity of its immigration regulation policies. This policy has been fraught both with domestic and regional political difficulties, especially when those who are arriving are fleeing very harsh human security circumstances in their home state. For the most part, there has been substantial regional cooperation especially in terms of reducing the flow of “illegal immigrants” brought to Australia by intermediary, sometimes criminal, organisations.

However, in March 2006, 43 West Papuans were granted temporary asylum visas in Australia. This act had the immediate effect of a worsening of relations with Indonesia. Some in Indonesia felt that, by granting such status to West Papuans, then this implied that the Australian government, at a minimum, favoured greater West Papuan autonomy, and, at a maximum, favoured an independent West Papuan state. This was thus seen by some as an interference in Indonesia’s internal affairs, something which Australia has agreed not to do in December 2005 on account of its agreement to adhere to the ASEAN Treaty of Amity and cooperation (TAC) which in turn led to Australia’s inclusion in the new East Asian regional grouping.

While the incident led to a considerable increase in political conflict between Indonesia and
Australia, it also contributed to a “cartoon war”. In late March 2006, the front page of the Rakyat Merdeka, one of Indonesia’s biggest-selling newspapers, depicted the Australian Prime Minister and the Foreign Minister as a pair of sex-crazed dingoes. Under the headline, “The adventure of two dingo”, the cartoon showed the Prime Minister as the dominant dog, shaking as he tells the Foreign Minister: “I want Papua!! Alex! Try to make it happen!” A small Australian flag hangs from the wagging tail of the dominant dog. In addition, the English-language newspaper, the Jakarta Post, showed a cartoon of a furious Indonesian eagle staring at the rear of a retreating kangaroo, with the bird’s chicks in its pouch flying a Papuan independence flag (The West Australian, 30 March 2006).

An equally offensive Australian cartoon, headlined “No Offence Intended”, showed an Indonesian politician in a similar pose to that of the Rakyat Merdeka cartoon, but with an indigenous West Papuan, and saying: “Don’t take this the wrong way” (The West Australian, 1 April 2006).

In order to resolve these concerns, many in Indonesia argued that Australia needed to recognise that state’s permanent control over its Province of West Papua and this needed to be included in a new security agreement involving greater bilateral military cooperation, intelligence sharing and joint naval patrols. On 13 November 2006, the Australian and Indonesian Foreign Ministers signed the new Australia-Indonesia Agreement on the Framework for Security Cooperation (AIAFSC), a document which replaced the previous 1995 security agreement which was scrapped by Indonesia in 1999 following Australia’s involvement in the liberation of East Timor. Since that time, Australia had security agreements with all four of its other near neighbours — Malaysia, New Zealand Papua New Guinea and Singapore. The new AIAFSC, which is aimed at “deepening and expanding bilateral cooperation” and establishing “a bilateral consultative mechanism”, identifies ten areas of potential cooperation — defence, law enforcement, counter-terrorism, intelligence, maritime security, aviation safety, proliferation of WMD, emergency cooperation, cooperation in international organizations and people-to-people cooperation — and is guided by six “fundamental principles” as outlined in Article 2 (Minister for Foreign Affairs, Australia, 2006). The underlying thrust of these principles is mutual respect for territorial unity, non-interference in the internal affairs of the other and a commitment not to support any individual or other activity which might in any way constitute “a threat to the stability, sovereignty or territorial integrity of the other Party, including by those who seek to use its territory for encouraging or committing such activities, including separatism, in the territory of the other Party” (Article 2, section 3). In short, Australia should commit itself to opposing any separatist activity in Indonesia, a position which the current government has actually held for some time.

While the Australian Foreign Minister has been quoted as being prepared to accept “Papua’s integration into Indonesia”, others, including the Australia West Papua Association, have condemned his remarks essentially on the basis that they ignore the right of Papuans to self-
determination (Ruse, 2006). The implications of the wording contained in Article 2 of the new Agreement have also been criticized by a number of Australian human rights activists. The President of the International Commission of Jurists, John Dowd, has argued that, before the Agreement is ratified by both governments, it should be subject to considerable public consultation within Australia and should at least be modified to include some provision for human rights monitors and foreign journalists to be allowed free access into West Papua, a view which is supported by a majority of Australian voters (Banham, 2006).

The 2006 Pacific Island Forum Meeting

In October 2006, the Pacific Islands Forum (PIF), a regional grouping of 16 Southwest Pacific states, held their regular meeting in Fiji. The week before the scheduled meeting, the Australian Prime Minister warned the South Pacific states that they needed to make stronger efforts to eradicate corruption and improve governance in return for hundreds of millions of dollars of annual aid. Papua New Guinea and the Solomon Islands were singled out for special mention (Walters, 2006c).

However, at the PIF meeting, the Solomon Islands Prime Minister urged delegates to reduce Australia’s direct role in RAMSI and to make a clear demarcation between RAMSI and the Australian government. Mr Sogavare’s view was that Australia was using the more than 200 Australian police and soldiers to pursue its own interests. He was supported by the PNG Prime Minister who regarded the Australian role as part of a “heavy-handed approach”. However, the PIF decided to leave Australia’s lead role intact, but they agreed to monitor RAMSI’s ongoing performance.

One newspaper editorial felt that both the Australian Prime Minister’s warning and the Solomon Islands response represented “a dismaying symptom of Canberra’s deteriorating relationships in the Pacific region”. Rather than sensitive but robust discussions carried out behind closed doors, such “megaphone diplomacy” has damaged regional relations and has diminished Australia’s regional standing and influence (The Australian, 17 October 2006). To other commentators, Australia’s recent strident Southwest Pacific policy “exudes more than a whiff of old-style Pacific colonialism”. There is also a concern that if relations continue to deteriorate, other states, especially China, will gain greater regional influence at Australia’s expense (Lewis and Stewart, 2006).

Australian Regional Policy Dilemmas

At least seven interrelated present and future policy dilemmas remain for Australian policymakers and for other states with a regional interest — neocolonial, self-determination, non-traditional security threats, development, instability, human security and immigration and governance.
The Neocolonial Dilemma

The overall problem remains as to precisely what the Australian government can and should do to facilitate a solution to regional problems. It is, of course, impossible to easily disentangle these issues from past policies and past perceptions, and these have seen Australia viewed in different ways in different parts of the arc of instability. Such views range from one of “regional benefactor”, distributing much-needed largesse, at one end of the spectrum, to that of “colonial bully”, with authoritarian attitudes to policy imposition, at the other. Other perceptions include that of “paternalistic interference,” linked to a minimum of local cultural understanding. To some extent, this is also linked to perceptions of an Australasian Monroe Doctrine bound up with a “we know best” for the region mentality. There are other perceptions of Australian policies and attitudes that can be characterised as “benign neglect”. Clearly, questions deriving from Australia’s past regional policies, and involving negative regional perceptions, need to be addressed. Dealing with regional problems in the light of this neocolonial dilemma appears to come down to two broad Australian policy options. The first is a “traditional sovereignty” view (Bull, 1995) which implies that a state’s sovereignty is defined solely in terms of its territoriality and thus from an Australian regional policy perspective, necessitates a “hands-off” approach. The second is a “modern sovereignty” view which sees sovereignty as also incorporating other functions, including normativity (human rights, humane governance, human dignity) and functionality (nonterritorial centres of authority and control) in addition to territoriality (Herz, 1976; Falk, 2000, 70). From a policy perspective, this view implies intervention and cooperation, and the potentially stabilising role of constructive engagement cannot be underestimated.

Taking the first perspective suggests that Australia cannot do much apart from offering arm’s length financial and other forms of aid to the troubled states and territories. It believes Australia possesses limited responsibilities to assist independent jurisdictions and that it should focus help on those who help themselves. An alternative view is that Australia needs to find some middle ground on which it could help take some regional responsibility for basic law and order and other services in ways that would not be seen as somehow neo-colonialist. Most recently, Australia’s overall stance seems to be increasingly interventionist based on a view that it has a regional responsibility to play an active role in the region. RAMSI, in particular, has signalled both a shift in Australia’s regional foreign policy and in its long-term commitment to the institutionalisation of law and order. However, more needs to be done in many regional states, especially in terms of issues relating to education, urbanisation and nation-building, among others, but this will depend in part on accurate intelligence and on a mutually cooperative engagement process. Other matters, such as those related to land tenure, can only be dealt with by local groups.
The Self-Determination Dilemma

To some extent, there is some uncertainty within the arc of instability regarding Australia’s position on self-determination that reflects the different types or “orders” of self-determination present in the region and whether they represent, for example, “decolonisation” (as in the case of New Caledonia), ‘provincial separation’ or the claims of indigenous peoples (Falk, 2000, 100). On the one hand, there is a regional view of Australia as favouring any form of self-determination, as exemplified by East Timor. Another view is that East Timor was a regional ‘one off’ and that other Indonesian secessionist movements are not to be officially condoned. Future options for Indonesia relate in part to the complex relationship between state territorial stability and increasing economic and political participation, with the latter implying territorial fragmentation in large authoritarian states (Rumley, 1999, 31). As was noted earlier, the current Australian view, though, is that it would not support any Indonesian secessionist movement since it does not wish to see the “Balkanization” of Indonesia and so West Papua’s claims would be rejected (Rumley, 1999, 40). Yet, as the experience in East Timor has shown, so far at least, self-determination does not necessarily imply Balkanization, the end result of which would be the creation of a number of independent mutually hostile states.

The Dilemma of Non-Traditional Security Threats

A fundamental policy dilemma revolves around the general issue of devising appropriate policies to deal effectively with numerous so-called ‘non-traditional’ security threats, and being in a position to reliably assess the relative importance of such threats — for example, HIV/AIDS in PNG — to Australian security, while not allowing these initiatives to undermine the realisation of a full and proper partnership with regional members. The earlier Pacific Islands Forum decision in Samoa to adopt a Regional Aids Strategy (RAS) is to be welcomed in this regard.

In addition, there is some concern that Australia’s interests might be at risk in the concept of a regional Islamic superstate. It seems that the al-Qaeda terrorist group and Jemaah Islamiyah ultimately aspire to create an Islamic superstate in Southeast Asia, known as Daulah Islamiyah, which would embrace Indonesia, Malaysia, Brunei, Thailand and Cambodia. In May 2004, the Philippines national security adviser, Roilo Golez, told the Australian Broadcasting Corporation’s Four Corners programme that Abu Bakar, with al-Qaeda backing, was trying to include northern Australia in its plans. Among other things, such plans potentially threaten northern Australian oil and gas production as well as regional sea lanes (lines) of communication (SLOCs). Dealing with these matters can be delicate, especially when religious sensibilities are involved. Nonetheless, as the September 9 2004 suicide bombing of the Australia Embassy in Jakarta clearly demonstrated, the terrorist threat to Australia is very real.

As has been argued, these issues have important implications for Australian defence strategy.
and expenditure (Dupont, 2003; Cordner, 2004). In addition, cooperative educational and training programmes at a variety of levels are required which are aimed at strengthening local institutions and governance in order to reduce national and regional opportunities for exploitation by terrorists and foreign criminals (Commonwealth of Australia, 2004a, xv), and, for that matter, local ones as well.

On a somewhat different tack, in August 2004, it was reported that the United States was developing a Fiji-based “flying squad” to visit vulnerable Pacific states in order to track regional terrorist financing and money laundering under the US State Department’s Pacific Strategy. As US Assistant Secretary of State, James Kelly, pointed out, “governments must also refrain from measures that could provide unintended support to terrorist networks” (Harvey, 2004). The question that Australians must ask is: to what extent do operations like this undermine regional faith — outside of political elites — in the bigger programmes of grassroots cooperative education and training?

The Development Dilemma

Development in its broadest sense is a fundamental requirement of all states and territories within Australia’s arc of instability. Furthermore, each of the region’s “administering powers” — France, UK, USA and New Zealand — together with other external aid donor states, such as Japan, bears a particular responsibility in this regard. From an Australian policy perspective, however, development should not just be equated solely with official development assistance (ODA). The regional targets, determinants and impacts of such assistance on overall human development need to be carefully monitored and evaluated in order to be certain that they do not lead to an increase in land degradation, social and economic inequality and thus to an increase in social and political instability. Instability, in turn, can affect the availability and provision of local services. For example, after the Speight coup in Fiji in 2000, power supply was restricted in and around the capital Suva for months, causing immense damage to business, governance and ordinary daily life. In other states and territories, much less obvious ‘political’ conflict and crime has led to school closures. At least four broad policy goals are required in order to deal with the development dilemma.

First, and most importantly, it is primarily local populations who should identify development targets. Development ‘gaps’ need to be identified in order to modify regional targets. Furthermore, as has been recently argued, a principal requirement for effective ODA is a context of “mutual obligation” (Hughes, 2004b, 10). There is a greater need to devise policies which emphasise human security (Commission on Human Security, 2003), and this raises the question of how we can usefully apply the principles of human security to deal with regional instability issues?

Second, all of this requires the long-term strengthening of regional educational and management infrastructure and the re-establishment of vanishing political, bureaucratic and person-to-person links between Australians and what used to be called “the islands” (Barker, 2002; Cro-
combe, 2001). The active encouragement of and support for leaders with moral authority who possess both real *integrity and education* is a significant challenge. This combination is essential in order to help minimise any confusion over the direction in which development might be or should be heading.

Third, in order to achieve real development requires an understanding of local conditions. There is thus a need to improve and deepen Australia’s intelligence about, understanding of and sensitivity towards all regional states and territories in order to better anticipate and help allay problems long before they become intractable (Commonwealth of Australia, 2004b).

Finally, an overriding concern of regional development policy is the necessity for it to be ecologically sustainable. This is no less true of Papua forests and minerals and East Timor resources as it is of all southwest Pacific island states and territories. Indeed, in the latter case, over the next 50 years, both Kiribati and Tuvalu face the prospect of inundation (and therefore emigration) due a sea level rise as a result of global warming. Thus, dealing with some arc of instability issues requires extra-regional, even global, action.

**The Instability Dilemma**

The nature and degree of instability, the way it is locally perceived, the differential relevance of some of its causes and the capacity of states to manage conflict varies considerably among regional states. For example, it seems that there is likely to be a higher degree of conflict in ethnically bipolar states (Fiji) than in other states (Papua New Guinea, Vanuatu) containing a plethora of ethnic groups (see also Milne, 1981). However, strong/failed leadership and good/poor governance are critical components in this regard. Degrees of stability and instability and their local and regional importance lie, to some extent, in the eyes of the beholder.

Nonetheless, arguably there is a realistic prospect for the emergence of at least one failed state — that is, Nauru — in the next decade. There is a need for sharper anticipatory planning in terms of identifying and responding quickly to potential failed states. Nauru has already been defined by the United States as one of the first rogue states under the 2001 *Patriot Act* (Hughes, 2004b, 8). Australia needs to define a coherent position on these and other related matters, especially in view of the fact that it was the country to benefit most from Nauruan phosphates. This raises many other questions about the future options of small, unstable states.

**Human Security and Immigration Policies**

Clearly, apart from local instability, emigration — internal and overseas — is a common regional response to underdevelopment, which in turn debilitates local expertise and educational capacity. While migration networks can make some states, like Samoa, a ‘hub’ of globalisation, remittances can involve a more individualistic lifestyle back home. However, this issue raises some
difficult policy questions, not the least of which concerns the linkage between regional development and stability and Australasian government migration policies. It also raises questions about policies which allow temporary migration or the movement of guest workers to meet demonstrable Australian labour shortages.

The Governance Dilemma

The problems found within the arc of instability are to a great extent a reflection of a range of deficiencies in good governance. Herein lies one of the dilemmas of self-determination. On the one hand, policies that emphasise self-determination whose end result is statehood almost inevitably confront arguments about economic viability. Clearly, it is highly debatable whether the emergence of relatively small new states as an outcome of this process will negatively impact upon Australia’s national security (Aldrich and Connell, 1998, 249). On the other hand, for many of the existing smaller states and territories, economic viability is problematical and a source of instability. It has been suggested, however, that, in the 21st century, “viability is a function of stable and rational administration sufficiently consensual to allow the openness essential for effective integration into the global economy” (Farer, 2003, 397). According to this view, designing appropriate governmental institutions and ensuring their effective functioning would likely overcome problems of economic viability. This stands in stark contrast to an alternative, more extreme view, which, in the admittedly atypical case of Nauru, advocates a ‘destate’ option that would involve it in “ceding all rights to the island” (Hughes, 2004b, 10).

A third perspective on good governance derives from the improvement of current regional dialogue institutions and, or alternatively, the construction of new and more appropriate mechanisms. These institutions would likely be different in different parts of the arc and thus respond differently according to local circumstances. The emergence of the South-West Pacific Dialogue, incorporating Indonesia, Philippines, Papua New Guinea, East Timor, New Zealand and Australia is a concept that came from former Indonesian president Abdurrahman Wahid, who believed that the area where the western Pacific and outer southeastern Asia overlapped tended to be neglected developmentally, presenting potential challenges to the region’s stability. It is possible that such a Dialogue might help tackle problems that had arisen at the Association of South East Asian Nations (ASEAN) and the Pacific Islands Forum (PIF). From the time that Megawati Soekarnoputri came to power, Indonesia’s current Foreign Minister and professional diplomat, Hassan Wirayuda, has championed this concept.

Conclusion: A Future Pacific Regional Community?

One of the possible policy solutions to some of the problems inherent of much of Australia’s
arc of instability is to fundamentally change the nature of regional state sovereignty towards a model which was mooted in the federation debates of the 19th century. In the long-term, this might lead to the creation of a new Australasian Maritime Confederation (AMC).

The matter of regionalism and regional awareness has been a longstanding one in the South Pacific sector of the arc of instability (Crocombe, 2001, 591–626), and the concept of an Australasian regionalism goes back to its federation debates. The Eminent Persons Group (EPG) Report which was commissioned for the PIF in August 2003 titled “Pacific Cooperation: Voices of the Region” is a significant document in that it is the first collective statement on future regional cooperation. The extent of that cooperation is admittedly perhaps not as great as some would have hoped in that ideas mooted for a regional parliament and for a regional peacekeeping force, for example, did not feature. Rather, the principal focus was on ecologically sustainable development, economic growth, good governance and security. Matters of energy security and environmental security were seen as central to future development. In addition, it stressed the importance of an increased regional role for women, and the need to deal with the problems of youth and human rights. Meeting the needs of the most vulnerable of the Forum’s members, especially the particular needs of the small island states (SIS) was seen as essential to greater Pacific cooperation. The Report also recommended a more pro-active PIF Secretariat involving a strengthened role for its new Secretary-General, Greg Urwin (Pacific Islands Forum, 2004). However, at the Pacific Islands Forum summit meeting in New Zealand in April 2004 to consider the Report, differing views emerged. Australia, for example, proposed some form of regional economic union, while other Forum member states preferred a cooperative approach across a range of areas, including economic development, security, shipping and common laws.

Australia’s traditional military and peacekeeping role in East Timor and the Operation Helpem Fren in the Solomon Islands must be seen as elements in a much broader array of multidimensional security elements, noted above. In particular, in the final analysis, dealing with the causes of instability and thus addressing the key regional issue of development in its broadest sense must be a central component in this strategy in the longer-term, however. The Pacific 2020 initiative, the recent increases in AusAid funding to Indonesia and to the Pacific, the earlier creation of a regional Peace and Security Fund, and the announcement of a Pacific Regional Policing Initiative at the August 2003 Pacific Islands Forum meeting in New Zealand, are thus all important Australian security policy initiatives. In addition, building upon pre-existing regional initiatives, especially in terms of the prospect for the construction of a new Pacific Economic and Political Community (PEPSCO) and the possibility of a common currency as well as a common labour market, are arguably worthy long-term goals to be considered in the face of national and regional instability (Commonwealth of Australia, 2003c).
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