Australia and Southeast Asia: Australia needs a new plan

Australia's recently announced Defence Strategic Review promises more of the same in the nation's defence and strategic thinking. This is concerning when we consider the urgent need for a substantial reconsideration of Australia's relations with Southeast Asia.

Great expectations

Successive Australian governments have built their policies towards Southeast Asia on the assumption of a special relationship with governments in the region. This was not an unreasonable view given the alliances forged in the Cold War when the US (and Australia) played a key role in propping up conservative regimes facing the threats of revolution and reform.

While the circumstances have changed, Australian policy makers continue to see these real or imagined relationships as the keys to our foreign policy interests in Southeast Asia. As the region has become one of increasingly critical strategic and economic importance, the Australian Government's Foreign Policy White Paper of 2017 (its most recent), has called for deepening engagement by 'pursuing shared interests' with its governments and 'demonstrating our enduring ties' to the countries of Southeast Asia.

Underlying these strategies is the view that these governments can be bulwarks against the spreading power and influence of China on our northern approaches and the keys to stability and social cohesion within the region. They can open the door for Australia in the scramble for its emerging and potentially lucrative markets. All that is needed, it seems, is to mobilise them within a raft of security and defence partnerships and economic and trade agreements.

In other areas, too, the White Paper argued that cooperation with Southeast Asian partners can address the spread of 'terrorism and extremist ideas' and the 'growing transnational challenges such as crime and people smuggling.' Almost as an afterthought it added that development partnerships can enable 'effective programs to promote economic reform and inclusive growth, reduce poverty and address inequality.'

What went wrong?

While the White Paper painted a picture of a region of stability and prosperity, it is in reality one of increasing unrest and conflict. Military coups in Myanmar and Thailand have overthrown democratic governments while Cambodia's one-party government rules by unleashing its security forces against opponents and critics. In the Philippines, Malaysia and Indonesia, oligarchy increasingly erodes the authority of public institutions and corruption fuels popular resentment in civil society. It is also clear that the governments across the region, despite their caution, are not going to throw their weight behind Australia's deep concerns over China's growing economic and strategic power and influence and are unwilling to embrace the US-led strategic alliance.

Contrary to expectations, Australian economic activity in the region remains at stubbornly low levels, despite the growing number of investment and trade agreements. It is confined largely to mining and energy. And while cooperation on matters of governance and regulation has been successful in important instances, problems of trafficking in peoples, drugs and wildlife, land grabbing, money laundering and environmental destruction remain endemic. Australia seems unable even to convince its closest neighbour, Indonesia, to contain illegal fishing in Australian waters.

There is a feeling among many Australian analysts that Southeast Asia has drifted away from us. They see this as a problem of policy or institutional failure on Australia's part and the need to learn how to 'get it right' in Southeast Asia, in part by accepting the 'Asian way' of doing things.

For some analysts, the problems are ultimately about cultural misunderstandings on Australia's part that require better understanding and knowledge of Asia. This comes dangerously close to the arguments of Singaporean commentator, Kishore Mahbubani, that the difficulties must be understood in terms of a civilisational clash between the liberalism of a declining West and the resurgence of 'Asia Values' in a newly assertive Asia.

This broad approach is echoed in a seemingly upbeat report by the Business Council of Australia and the Asia Society Australia in 2021. It argues that COVID-19 may give Australia 'a second chance to get Asia right,' learning how to 'play and win in Asia' by better understanding the complexities of Asian markets and the 'Asian Way' of doing business. It pleads with government to provide business with information to

help ‘tell its story well through its new national brand’ with the help of ‘hands-on business-focused inputs’ through a new national business advisory group.

In his recent analysis in *Australian Foreign Affairs*, prominent foreign affairs analyst, Allen Gyngell sees the problem mainly in terms of the strategies and tactics of diplomatic activity. He agrees that liberalism can never be the basis of Australia’s relations with the region but sees the prospect of agreement on principles opening the door for a ‘new statecraft’ that can make up for a period of neglect where Australia’s attention was drawn away from Southeast Asia to the Middle East and to the priorities of its US alliance. For Gyngell, this ‘new statecraft’ will extend an existing framework of defence and security agreements and economic and trade arrangements as well as its informal ‘people to people’ networks.

Ultimately, though, there is nothing new in this vision of a ‘new statecraft.’ It does not challenge the principles of Australia’s present strategy of engagement with Southeast Asia as much as asking for more and better versions of the same.

But there are no easy policy or institutional fixes or cultural solutions to Australia’s seemingly faltering engagement with the region. We cannot escape problems through diplomatic hyperactivity or better marketing of ‘brand Australia’. These ignore the systemic factors rooted in the very structures of the region’s political systems and its economies and societies and in Australia itself.

At one level, both Alan Gyngell and Kishore Mahbubani have recognised that Southeast Asia’s different place in the geopolitical landscape provide logical reasons for its governments to adopt a more cautious and conciliatory approach to China and to embrace some of the economic and trade ties on offer.

But we cannot understand the dynamics of the relationships between Australia and Southeast Asia when we see governments as undifferentiated entities. Missing from the debate is an understanding of the complex forces and interests that shape their policies, and which make engagement a volatile and highly contingent proposition. Also missing is any recognition that Australia’s policy towards the region and the very notions of ‘national interest’ and ‘shared values’ are the proxies of bitter struggles over power and ideas within Australia itself.

Can we ‘dance with dictators’?

These realities were brought to the surface during the ASEAN Leaders Meeting in Sydney in March 2018 when the Australian public came face to face with some of the political leaders of the region, including those involved in military coups and repression of civil rights. This raised questions about what Australia can expect from alliances with such leaders and their governments.

To strangle a quote from China’s former President, Deng Xiaoping, does it matter if the cat is democratic or authoritarian so long as it catches the mouse?

The answers to these questions depended upon what contending interests within Australia want from the relationships. The 2017 White Paper presented a confusing and sometimes contradictory array of objectives. Some are focused on security, some on access to markets and others on ‘good governance’ and even programs of ‘economic reform and inclusive growth’ that would ‘reduce poverty and address inequality’.

For Elaine Pearson, the Director of Human Rights Watch Australia, issues of human rights and social justice were priorities. She proposed that Australia should stop ‘dancing with dictators’ and end military assistance and cooperation with political leaders who presided over ‘horrific human rights abuses across the region.’ She argued that Australia should consider matters of human rights and social justice in framing relations with the governments of Southeast Asia rather than just focusing on questions of security, terrorism, and trade.

There was little enthusiasm for such proposals amongst Australia’s policy makers. As former Prime Minister, Tony Abbott, had boasted in 2016, he was right never to allow ‘moral posturing’ (we must assume this to include taking stands on such issues as honest government, human rights, or social justice) to threaten Australia’s national security interests.

Abbott’s position was bolstered by the growing influence of security and defence interests in framing Australia’s foreign policy. Incubated in the disastrous interventions in Iraq and Afghanistan and fuelled by the spectre of Islamist insurgency in Indonesia, the Philippines and Malaysia and the spreading power of China in the region, Australian foreign policy shifted towards the idea that all problems (including Southeast Asia) are security problems. In a shift back to the discourses of the Cold War it focused increasingly on what it saw as achievable

security objectives rather than what former Army Chief, Peter Leahy described in the *Australian Financial Review* of 10-11 July, 2021, as 'unrealistic forays into social reform and nation building.'

Neoliberal ideas have been a second pillar of Australia's Southeast Asian policies. Following the lead of the US and the World Bank, Australian policy aimed at transforming the economies of the region through market reforms and by dismantling the old state dominated economies, building prosperity and in the process opening them to Western investors and financial markets.

Even before Milton Friedman proclaimed a natural 'fit' between 'free markets,' and dictatorship in an alliance with Pinochet in Chile, Australian policy makers saw the Soeharto government in Indonesia and his technocrat policy makers as the natural vehicles for market reform through the 1970s and 1980s.

For neoliberals, authoritarian governments could most effectively impose supply side market policies, including fiscal austerity, privatisation of public institutions and functions, deregulation of markets and ending of protective policies. They had the power to clear away the vested interests and distributional coalitions in a way that democratic regimes could not. *Public Choice* libertarians like Ayn Rand, Peter Thiele (popular in libertarian circles in Australia and in the CEO community), and even Friedrich Hayek himself were sceptical of democracy's ability to deliver and to protect markets.

The same ideas persist today. Writing in the *Australian Financial Review* of Tuesday, 9 August, 2022, Peter Drysdale, an influential figure in Australia's Asia policy circles, saw no contradiction in urging India's Prime Minister, Nahendra Modi, who he describes as possessing 'a brilliance perhaps unequalled among the World's top leaders today' to entrench India's global competitiveness by cutting its trade barriers and opening itself to international competition, shedding the baggage of state-backed vested interests …. and other regulatory burdens.

But the benefits that might come from 'dancing with dictators' were often not what they initially seemed. As the US discovered from its foreign policies in Central America, and the Middle East over more than a century, authoritarian allies did not bring political order but more often fuelled endless social unrest and political violence, hollowing out the political centre and crushing or co-opting the institutions of civil society.

Neoliberals also confronted unexpected consequences. Just as the imposition of market 'shock therapy' most famously set loose unconstrained rentier capitalism and oligarchy in Russia and in Iraq under Paul Bremer, the same pattern is widespread in Southeast Asia. Deregulation and privatisation of banking systems, for example, transferred public assets into private hands and opened the door for the plunder of the financial sector by large conglomerates. Property laws enabled vast transfers of land into the hands of large corporate agricultural enterprises and forestry companies.

As the liberal idea of a benign state descended into the reality of oligarchy where states are predatory and politicians and officials deal in the currency of rents and privileges, it became difficult to explain who might drive the reform process. In Indonesia, for example, it was the elected parliamentary members and the police themselves who led successful attempts to dismantle its high-profile Anti-Corruption Commission.

Belated attempts to limit the damage done by out-of-control rentier capitalism, bad governance, and money politics by policies aimed at building good governance have largely failed. The deepening grip of oligarchy on the politics of Southeast Asia has put a lie to hopes that 'free markets' could be achieved through alliance with technocrats floating above the vested interests of politics. There are few signs of self-reflection from the advocates of the security approach. The reluctant withdrawal of support for the military in Thailand, Myanmar, and Cambodia, has been less a recognition that such policies were a profound mistake than they were, especially in the case of Myanmar, a rush for the exit when the brutality of these regimes towards their own populations began streaming to world audiences on media platforms.

Changing the Australian model

As Alan Gyngell has observed, Australia is not rich or powerful enough to enforce change in the region. He suggests a strategy of 'persuasion' and appeals to mutual interest, something like Joseph Nye's idea of 'soft power.'

If it is this difficult, is Australia seeking engagement for engagement's sake? More important, though, whose 'mutual interests' are we talking about? What does it really mean for Australia to focus its defence partnership with Southeast Asia on policies directed towards what Gyngell suggests are, 'our mutual needs to maintain an autonomous security capability in the region'? Military cooperation based on

supposed mutual interest is especially dangerous when the military across much of the region acts more as a political and security force, protecting ruling interests from the demands of reformers rather than a defence force in normally accepted terms.

Support for military forces in Cambodia, Myanmar and Thailand might be examples of mutually agreeable cooperation in defence and security, but they also show the dangers. Claimed by Australian military and defence spokespersons, either naively or disingenuously, as a means of introducing 'professionalism', human rights and democratic values, these ultimately became, unsurprisingly, the very forces that overthrew democratic governments and provided the muscle for ongoing repression.

In the Philippines, Australian military support in helping to bail out a dysfunctional and inept government floundering in the face of an Islamist insurgency may have been little more than another temporary prop for a system of oligarchy that has fuelled political unrest, inequality, and insurrection for over a century.

While the security model might seem to be a disaster it is a model that works for its beneficiaries in the Department of Home Affairs, the Department of Defence and its security agencies that now spill over the normal bounds of 'security' into a broader 'security state.' It is also embedded in a growing body of laws that extend the security agenda across the public bureaucracy and into civil society more broadly, including its educational and media institutions.

It works also as a foundation for a conservative political ascendancy that has extended from the Cold War to the more recent eras of conservative politics under former Prime Ministers Howard, Abbott and Morrison. The rhetoric of 'Keeping Australia Safe' with its fears of terrorism and Chinese expansion and the need for a public perception of ongoing emergency, including in our foreign relations, is embedded in the culture wars that have been electoral winners.

The same problems emerge when we consider the need to address Australia's problematic economic relations with the region.

There is no doubt that Southeast Asia is a difficult place to do business when it is so thoroughly controlled through access to political gatekeepers. But the problems also lie in Australia itself. The Business Council's Report, 'A Second Chance', notes that economic engagement is constrained when we cannot offer much beyond mining and energy or beef cattle or when the bulk of our engagement with the region is with

Singapore. It expressed hope that COVID-19 will force Australia to diversify its economy and look for different sources of growth as the world's centre of economic and political gravity shifts further towards Asia.

But any shift to an innovative industry policy will confront the ideas of neoliberal orthodoxy and its central principle of free trade and the political alliance of conservative politics and the fossil fuel economy.

In other words, providing a list of suggestions for future policy directions in Australia means little where there are few means of politically enforcing them.

This is also the case when we consider the prospect for a return to a 'development' approach. Gyngell raises this prospect, noting the continuing problems of poverty in Southeast Asia. He suggests ramping up cooperation in areas such as health, climate change, renewable energy, technical assistance, and vocational education. There is no doubt this could be hugely popular among the region's burgeoning middle classes and strengthen beleaguered civil societies and social movements.

But such an agenda, with its redistributive implications, is not a priority for the most powerful interests in the region. And it flies in the face of the view among Australian foreign policy makers that Southeast Asia is a security problem or a market problem rather than a social or political problem.

In other words, reform of our relations with Southeast Asia requires fundamental change in the political interests driving the Southeast Asian agenda within Australia.

Ultimately, a reform of Australia's approach to Southeast Asia will depend on whether the new government of Prime Minister Anthony Albanese can fundamentally shift policy and ideology in Australia itself. Can it shift the way policy makers see things, from immigration to education and workplace relations, from being threats and risks or simply market opportunities to being potential elements in building social cohesion and economic prosperity?

At one level the signs are not promising. The new government remains tied to the US alliance and is fearful of being wedged on security issues, especially in relation to China. To the surprise of many it has left the Orwellian Department of Home Affairs relatively intact and most of its highly conservative apparatchiks in place. [1]

There are few signs that education is understood outside the old market and 'shovel ready' epithets of previous governments as a key strategic and social resource and

one that can build Australia's presence and prestige in Southeast Asia.

It is also wary of exiting the grip of the fossil fuel sector at a time when the prospect of a global energy crisis is imminent and when revenues from this sector are essential given the huge fiscal deficits the new government faces.

There are some brighter prospects. Spurred by the realities of supply chain vulnerabilities exposed during the COVID pandemic there are signs of an intent to diversify the economy and to help advance technology and research. Industry and Science Minister, Ed Husic, for example, pledged investment in tech and manufacturing in a $15 billion National Reconstruction Fund. He stressed the need to keep Australia's research innovation from simply being shipped overseas.

Ultimately, the test is whether the new government can realistically adjust what it expects to gain from 'dancing with dictators' and redefine engagement with the region from one that is essentially an alliance between conservative ideas and interests in both Southeast Asia and Australia to one that sees a prospect of common interest and values in more progressive terms.

It must also realise that we can strengthen our prestige and our authority by making sure we can make claim to the ethical standards of social justice, human rights and environmental responsibility we often use as criticisms of governments elsewhere.

[1] It is also interesting to note important links between the security industry and libertarian conservative institutions and ideas. No less than the head of the Office of National Intelligence, Andrew Shearer, publishes his foreign policy thoughts with the libertarian think tank and fossil fuel lobby, The Institute of Public Affairs

Image: Students at the New Colombo Plan Reception 2020, Jakarta. Credit: Flickr/Australian Embassy Jakarta.