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Australia's Nation-Building:
An Assessment of its
Contribution to Regional
Security in the Pacific, and
a New Policy to Guide its Future

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May 2009

Working Paper No. 413

National Library of Australia Cataloguing-in-Publication entry

Author: Shephard, Mark, 1964–
Title: Australia's Nation-Building: An Assessment of its Contribution to Regional Security in the Pacific, and a New Policy to Guide its Future
Edition: 1st ed.
ISBN: 9780731554898 (pbk.)
Series: Working Paper (The Australian National University. Strategic and Defence Studies Centre); no. 413
Notes: Bibliography
Subjects: Security, International—Pacific Area.
Nation-building—Australia.
Nation-building—Pacific Area.
Australia—Foreign relations—Pacific Area.

Dewey Number: 327.9409.

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ACKNOWLEDGEMENT

The author would like to offer particular thanks to Professor Stewart Firth for his support, advice and encouragement in the writing of this paper.

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Acronyms and Abbreviations

AACAP	Army Aboriginal Community Assistance Program
ADF	Australian Defence Force
AFP	Australian Federal Police
APCM CoE	Asia Pacific Civil-Military Centre of Excellence
ASPI	Australian Strategic Policy Institute
AusAID	Australian Government's Overseas Aid Program
CCO	Consortium for Complex Operations
CDSS	Centre for Defence and Strategic Studies
DFAT	Department of Foreign Affairs and Trade
DoD	Department of Defense (US)
DPMC	Department of Prime Minister and Cabinet
ECP	Enhanced Cooperation Program
F-FDTL	Falintil-Forças de Defesa de Timor Leste (Timor Leste Defence Force)
IDG	International Deployment Group
INTERFET	International Force for East Timor
JPDA	Joint Petroleum Development Area
MSG	Melanesian Spearhead Group
NSPD	National Security Presidential Directive
NATO	North Atlantic Treaty Organization
NGO	non-governmental organisation
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PDD	Presidential Decision Directive
PIF	Pacific Islands Forum
PNG	Papua New Guinea
PNGDF	PNG Defence Force
pol-mil	political-military
PPF	Participating Police Force
PPP	public private partnership
PRIF	Pacific Region Infrastructure Facility
PRT	Provincial Reconstruction Team
RAMSI	Regional Assistance Mission to Solomon Islands
RFMF	Republic of Fiji Military Forces
RPNGC	Royal PNG Constabulary
RSIP	Royal Solomon Islands Police
SPO	Special Police Operation
SSTR	Stability, Security, Transition and Reconstruction
UNSC	United Nations Security Council
UNTAET	UN Transitional Authority in East Timor
USAid	US Agency for International Development
VAT	Village Assistance Team

Australia's Nation-Building: An Assessment of its Contribution to Regional Security in the Pacific, and a New Policy to Guide its Future

Mark Shephard

INTRODUCTION

Background

This paper is about Australia's experience of an enterprise known as nation-building and its ability to contribute to regional security in the Pacific. The term 'nation-building' has existed in international relations since 1945, originating with the United States' unilateral approach to the post-Second World War reconstruction of the destroyed states of Germany and Japan. The theory and practice of nation-building were further developed by the United Nations throughout the 1990s in a series of new states created or revived as a result of the end of the Cold War. Namibia, Cambodia, Somalia, Rwanda and the Balkans were the subject of international interventions that aimed to build new nations, or take the first steps on the road to nationhood. In 2001, nation-building became the solution to an urgent new challenge: the phenomenon of the 'failed state', and the threat to world order that could grow hidden from sight in a lawless, collapsed country such as Afghanistan.

Australia has participated in many of these endeavours, playing its part as a responsible citizen of the international community and alliance partner. It has also undertaken its own nation-building in the South Pacific, in countries such as Papua New Guinea (PNG), Timor Leste, and the Solomon Islands. Its motivations for doing so have been variously justified by its historical ties to the region, strategic denial of foreign powers, the failure of conventional official development assistance (ODA) and, lately, the 'failed state' syndrome. As it stands looking out into a Pacific Century,¹ it seems likely that Australia will continue to be called upon to intervene to assist its developing Pacific neighbours with humanitarian assistance, law and order, good governance and ongoing economic prosperity.

This paper will assess whether Australia's nation-building enterprises have been successful. Have they assisted Australia's neighbours in the South Pacific to address the range of challenges they face and, in turn, have they contributed to regional security? Looking to the future, does Australia have a viable policy framework for undertaking nation-building in the so-called 'arc of instability'?

This paper is arranged in five parts in order to answer these questions:

- **Part 1** examines the nature of states and nations, and how they can weaken and fail. It uses the UN and US experiences in nation-building from across the globe to derive a generic model that can be applied regionally.
- **Part 2** examines Australia's experience in regional nation-building—Timor Leste, the Solomon Islands, and PNG—and assesses how these interventions have contributed to regional security.
- **Part 3** furthers this assessment by posing the question: what if Australia *did not* intervene to nation-build fragile states in its immediate neighbourhood? This part examines three alternatives—more traditional aid for PNG, a 'do-it-yourself' tendency for local interventions, or allowing greater Chinese influence in the region.
- **Part 4** surveys existing policy prescriptions for nation-building. Official policy frameworks that may exist overseas and at home are briefly examined, as are the recent recommendations of an Australian Strategic Policy Institute (ASPI) task force report.
- **Part 5** draws the analysis together to derive 'Australia's Way of Nation-Building'—a series of eight policy prescriptions that feature cross-government, whole-of-nation participation.

Applying 'security' to the Pacific

It has been observed that 'no social science concept has been more abused and misused than "national security"'.² Traditional notions of security, emanating from Western theory and practice, have centred on protecting the state from external threats to its very existence, usually arising from state-on-state conflict. As a collection of colonial states and territories, the Pacific has certainly experienced the influence of the great powers, with the rise of Russia in the nineteenth century, the trade and colonial rivalry of France, Germany and Great Britain, and ultimately conflict between the United States and Japan in the Second World War.

But today, for the now sovereign states of the Pacific, the traditional existential security agenda inadequately addresses the range of challenges they face. Far more relevant to the Pacific is Barry Buzan's comprehensive notion of 'insecurity' as any situation that poses a fundamental challenge to a significant sector of society.³ Increasingly, the consequences of natural disasters, climate change and diseases such as AIDS are impacting on the viability of these nation-states, as well as internal pressures resulting from weak institutions, corrupt governments, social upheaval, ethnic violence and organised crime. These regional security challenges have appeared as a result of the global, regional and local forces of change that emerged in the latter years of the twentieth century.⁴ International politics and domestic public opinion are increasingly sensitised to the vulnerability of the individual and society, thereby validating a broad, humanistic application of the notion of security to the Pacific region.

Defining nation-building

This paper discusses the somewhat controversial notions of failed states, democratisation, and governance as they arise later in the narrative. But it is important to make an early acknowledgement of the nation-building idiom. The term 'nation-building'—a term predominantly used in the United States—is actually a misnomer. James Dobbins, in a US context, defines nation-building as 'the use of armed force in the aftermath of a crisis to promote a transition to democracy'.⁵ 'State-building' more accurately describes the objectives and processes associated with external intervention, and is the term more usually used in Europe. Nation-building can only occur with the formation of communities, national cohesion and indeed national identity—which must be an indigenous process. The difference between the two has been elsewhere explained as 'state-building' being 'the practical task of establishing or strengthening state institutions', with 'nation-building' being 'more concerned with the character of relations between citizens and their state'.⁶ Nevertheless, this paper treats the terms synonymously in accordance with common usage, while noting the important practical distinction between the two.

PART 1: OF STATES, FAILED STATES AND NATION-BUILDING

The origin and nature of states

The concept of the nation-state dates from the Peace of Westphalia in 1648. It is a uniquely European notion that posits the state as a sovereign legal entity that is equal among all other states. A state is autonomous, responsible for making and enforcing its own laws, as well as providing for the safety and welfare of its citizens. A state operates a monopoly on the use of force, and raises revenue through taxes. This combination of bounded territory, ethnicity, culture and autonomy came to be known as the 'nation-state'. This concept has been the foundation for international relations in the centuries since, which have also witnessed the rise and fall of Europe's great imperial powers and the emergence of their former colonies as states in their own right.

But European nation-states did not just appear as a result of the treaties of 1648.⁷ They evolved over centuries as a result of unrest, revolutions, bloodshed, invasions and wars. The United Kingdom (as we know it today) came into being as a result of the incorporation of Scotland, Wales and parts of Ireland, the English Civil War, and alternating wars and peaceful relations with France over hundreds of years. On the continent, the consolidation of kingdoms and duchies into the states of France, Germany, Holland, Portugal and Spain was also a protracted, confusing and violent process. Rulers sought to preserve and renew their power base, often at the expense of their people, and sometimes ultimately to their own cost as their populations rose against their tyranny. The American War of Independence and the revolution that followed in France, created new types of states based on 'liberty, equality and fraternity' for the people and government by constitution. Parliamentary and presidential political systems were developed along with the bureaucracy, institutions and departments needed for governing. Concepts such as the Separation of Powers, political design and bills of rights were codified into a system of checks and balances that sought to limit how executive power could be wielded by a ruler or government.

The creation of the colonies

As Europe's great powers emerged, they consolidated their borders with treaties, imposed taxes, raised their own militaries and sought to expand their influence around the world. The great maritime powers of Portugal, Spain and Holland sailed to the corners of the globe, creating colonial outposts in Africa and the Orient, as well as in the Americas. They were later followed by the British, French and Germans. Valuable commodities, including human cargo, were shipped home as part of the burgeoning trans-global trading system. Commodities and wealth flowed in one direction, and technology, development and European settlement in the other. Colonial powers were more concerned in the many years up to the mid twentieth century with extracting resources, and the resultant accumulation of treasure and power at home, rather than feeling any great responsibility to foster indigenous peoples' participation in governing their own affairs. Of course, the degree and style of colonial government varied with the colonial power, with a more enlightened approach being adopted by the United Kingdom in contrast to those of Belgium, Holland and Portugal.

The Second World War and the resultant rise of nationalist sentiment across the globe marked the decline of the colonial powers' presence and influence. Colonies (and other less-than-state entities such as mandates and protectorates) in places as widely scattered as Palestine, the East Indies, India, Indo-China and Malaya became hotly contested by local

nationalist or communist factions that had either fought for the Second World War allies or with the Japanese against them. The vanquished Axis powers of Germany, Japan and Italy had had their militarist/imperialist objectives defeated, and their domestic economies and national infrastructure destroyed. For the Western European victors, the economic outlook was not rosy either. The economies of the United Kingdom, France, Holland and Belgium were heavily in debt and faced a severe recession at the end of the war. Revitalising their colonial arrangements offered these countries a real prospect of lifting themselves out of economic stagnation and high unemployment. Unfortunately, they returned to their colonies at war's end to find that powerful nationalist forces had mobilised and were pressing for independence. Their choice was to fight to regain their possessions, as did France in Indo-China and the Dutch in the Netherlands East Indies, or to pave the way for independence as the British did in Palestine, India and Malaya, and in their colonies in Africa and the Pacific.

Decolonisation

Decolonisation was indeed a major theme of international relations in the 30 years after 1945. Today, some 80 former colonies⁸ have gained their independence to become nation-states in their own right, and to join the United Nations as full members among equals. New states have been created that effect self-determination and the pursuit of national goals and development. It depended on the attitude of the former colonial master as to how well these new states found themselves prepared for the challenges of nationhood.

In India, the British had involved their Indian subjects across the breadth and depth of the colonial bureaucracy in the 90 years following the Indian mutiny leading up to independence in 1947. Mahatma Gandhi's long political campaign had also prepared the hearts and minds of the population for independence. Independence when it came was decisive and timely, notwithstanding the bloodshed that resulted from its partition into a mainly Hindu India and Muslim Pakistan. Today, India is the world's largest democratic state with a population of 1.15 billion and with a vibrant, frenetic but effective parliamentary democracy. A similar transition was achieved in British Malaya, accompanied by its own internal strife during the Emergency.

Elsewhere in East Asia, Indonesia and Vietnam have also made an effective transition to statehood, perhaps more due to their leaders' vision and people's will than any direct influence by the Dutch or French. The United States, the driving force behind much of the post-war decolonisation, had also sponsored new and reformed states in the region. Apart from its unsuccessful war in support of South Vietnam, the United States had successfully overseen the economic and physical reconstruction of Japan, the new states of Taiwan and South Korea, and its former colony in the Philippines.

At the other end of the spectrum there exist states that have not made an effective transition to statehood in the years since independence. For example, many countries in sub-Saharan Africa, created as a geographical convenience by the European colonising powers, are today riven by conflict, lawlessness, political instability, famine and economic stagnation. Even countries that promised a bright future—Zimbabwe and The Congo in particular—are today political and economic disasters. Further afield, former colonies in the Horn of Africa, Afghanistan and the Asia Pacific also exhibit serious limitations in their ability to exist and act as a state. The Pacific's new nation-states were generally the last to be colonised, and the last to be decolonised, having independence thrust on them before they were ready.⁹ Rosa Brooks' observation that 'most so-called failed states were never really states in the first place'¹⁰ is especially true in the Pacific context.

The strength and weakness of states

The key question arises: what factors lead to an effective state and does their absence result in a weak state?

Francis Fukuyama posits a system for measuring 'stateness' or statehood. He assesses state strength and state scope, and combines them to derive his measure of stateness.¹¹ In regards to scope of state functions, he identifies a set of public goods that a state should deliver to its people:

- *minimal state functions*: defence, law and order, property rights, macroeconomic management, and public health;
- *intermediate functions*: education, financial regulation, pensions, environmental protection, and social welfare; and
- *activist functions*: coordinating private enterprise and wealth redistribution.

He defines 'state strength' as a state's ability to enact and enforce its policies and laws.

By this assessment, developed Western states are only differentiated by the degree of state activity or scope they undertake. For example, 'small government' is practised in the United States, compared with 'larger government' as delivered historically in states like France, Japan and the former Soviet Union. Developing states are characterised by a fairly extensive state sector but with a weaker array of legislative and enforcement capabilities. States such as Indonesia, Vietnam and China would fit this pattern to varying degrees. The weakest states experience a state sector that has virtually collapsed—both in scope and enforcement ability. These are the familiar names: Afghanistan, Iraq, and many African states, as well as Timor Leste, PNG and the Solomon Islands in Australia's immediate neighbourhood.

The most recognisable term in this field is that of the 'failed state'. Gerald Helman and Steven Ratner used this term in 1992 to describe a nation state 'that was utterly incapable of sustaining itself as a member of the international community'.¹² While the 'international community' has in time become a contested term itself, the notion of failed and failing states has taken hold.

Nation-building 'fixes' failing states

Nation-building is a term that has been in the international lexicon since 1945, and was then used to describe the US experiences in rebuilding the shattered states in Europe and Japan after the Second World Wars. In the European theatre, the United States instituted the Marshall Plan to comprehensively approach the physical, economic and social reconstruction of its allies and former foes that had suffered enormous destruction by the end of the war. In the four years from 1949, the United States provided US\$9.3 billion (in 2005 dollars) in economic aid to Germany, comprising 84 per cent in grants and 16 per cent in loans. In Japan, the United States did not institute a Marshall Plan *per se*, but did provide some US\$5.3 billion (in 2005 dollars) in grants and loans for economic reconstruction over a similar period.¹³

Both Germany and Japan were to become key allies and economic partners of the United States over the next 50 years, transforming themselves along the way into the vibrant democracies and global economic powerhouses of today. The salient feature of the US experience in what might be called primary nation-building was that the enterprise did not

start with a clean slate; there already existed a foundation of governance, institutional memory and civil society. Although their physical infrastructure had been largely destroyed and a great many people killed or displaced, both nations retained their legacy of strong institutions of government and national organising ability. The United States was able to capitalise on these resources to quickly create functioning bureaucracies. In Japan, this did not prevent the United States from attempting to lay its own cultural template over these institutions, instinctively preferring its own rewards and incentives system over the local system of personal ties, loyalties and favours. But the success of the US efforts laid the foundations for the dramatic economic rise of Japan in the 1960s and 1970s, largely in part due to the Ministry of International Trade and Industry. The US experience was also characterised initially by a US-led military occupation and US-funded programs. The US commitment, experience and success, admittedly over many years, in these front-line states during the Cold War would leave a deep impression in political, diplomatic, economic and military circles, and gave rise to a great weight of literature on the subject.

Fast forward to 1989 and to the collapse of the bipolar balance of power that had dominated international affairs for 40 years. With Japan and Germany now following development and reunification in their own trajectory, the United States was confronted by a more fractured world, where newly-created states struggled to become viable and old conflicts flickered into life absent the strategic 'fire blanket' provided by the United States/Soviet Union global confrontation. Primary responsibility for dealing with these conflicts fell to the newly invigorated United Nations, and peacekeeping missions ensued throughout the 1990s in Namibia, Cambodia, Somalia, Rwanda and the Balkans. The language and philosophy of such interventions belonged to the United Nations where it developed to a mature form in Secretary General Boutros Boutros Ghali's report to the United Nations Security Council (UNSC) entitled 'An Agenda for Peace' (1992). This aligned with NATO's subsequent 'Partnership for Peace' program which codified NATO's cooperation with partner countries (1994). The language was all about peacekeeping, peace enforcement and peace-building in these troubled states, which implied that a peace should be secured before other public goods could be delivered.

In the early years of that decade, the United Nations seemed to have discovered a successful formula for bringing these new states out of the darkness of conflict and into a bright democratic future. The template started with a peace treaty being signed, a transitional authority appointed to run the country, militaries disarmed and gradually demobilised, ethnic groups encouraged along on a path to reconciliation, and preparations for a transition to democracy undertaken. For troop-contributing nations like Australia, the focus was on securing a coherent mission, a robust mandate and a clear exit strategy. The UN approach seemed to be marked by numerous missions, achievable mandates, an internationalist approach, longer term focus and arguably a good success rate. A RAND study of these operations from Congo to the Balkans, conducted by Dobbins, came to this conclusion by analysing each endeavour under the headings of security, humanitarian, administrative, democratisation and economic reconstruction.¹⁴ These headings reflected a common experience of the dimensions of nation-building intervention, and expressed a 1990s preference for democratisation as the pathway for stability and development.

The United States was largely content for the United Nations to manage these 'small wars' during this period. The United States was able to concentrate on protecting its interests in Latin America and the Caribbean, while undertaking major combat operations in the Persian Gulf in 1990–91. Its sole intervention in the 1990s (before Kosovo) started with a limited mission to enable the delivery of humanitarian assistance in Somalia. The United States was

extremely reticent about becoming more deeply involved in the affairs of these nations, which were marginal to its interests, its collective memory having been scarred by the tragedies of the US embassy bombing in Beirut on 18 April 1983, and the First Battle of Mogadishu ('Black Hawk Down') incident on 3–4 October 1993 in United Nations Operation in Somalia (UNOSOM) II. Its preference was for a hands-off approach using air power combined with Special Forces and covert operations. The language of the United States eschewed nation-building, a point reinforced by then Presidential candidate George W. Bush in the lead-up to the 2000 US presidential elections: 'Our military is meant to fight and win war' were his words, expressing a firm preference for judicious engagement and obvious exit strategies.¹⁵ The problem was that the UN peacekeeping formula had become increasingly problematic in the face of combatants who routinely flouted the peace in pursuing age-old feuds and hatreds. The inability of the United Nations to react decisively to genocide in Rwanda and ethnic cleansing in the Balkans only gradually drew the United States into the problem of doing something for these states that occupied the margins of US interests.

All that changed following the 11 September 2001 al-Qaeda led attacks on the United States. Over the next 12 months, a seismic shift in the US worldview occurred. State failure was now seen as a serious threat to US security and its interests, as such a condition provided a haven for terrorist groups to train, arm and prepare attacks on the US homeland and US international interests. Afghanistan was the prototypical failed state, a concept described by William Zartman as a situation where the structure, authority, law, and political order have fallen apart.¹⁶

Nation-building underwent a major renaissance as a subject of serious study as a result of the US invasions of Afghanistan and Iraq. Assumptions surrounding military transformation, 'shock and awe', and spontaneous indigenous support gave way to the realisation that the United States would be involved in the transition of these countries to a stable democracy for many years. The more enduring conclusions arise from the US failure to anticipate the requirement for 'Phase 4' post-conflict reconstruction in Iraq: inadequate security in the aftermath of the military victory, premature de-Baathification of the Army and organs of state, the disbandment of Saddam Hussein's army and police force, a 'go-it-alone' approach that excluded the United Nations, and a misplaced faith in democratisation. Indeed, the soaring ambition, with its associated high rhetoric and readiness to act pre-emptively, has proved counter-productive for the United States: 'The public is often unaware of how infrequently post-conflict nation-building has succeeded'.¹⁷

What is clear is that nation-building is very complex, extremely difficult and plays out over the long term, and that a 'self-restrained approach' would be more advisable.¹⁸ Brooks takes a novel approach to the problem, preferring not to 'fix' states as such, but rather to develop alternatives to full statehood, including indefinite administration by the United Nations or a regional body, long-term affiliation with successful states, and neighbourhood federations.¹⁹

Lessons for the Pacific

Closer to home in the Pacific, nation-building enterprises have been less ambitious and more restrained than the global experience. But they do contain most of the hallmarks of the US and UN experiences of nation-building. One addition that is applicable in Pacific context is a regional focus on smaller scale measures or 'stepping stones to national consciousness', such as the importance of infrastructure, local culture and sport.²⁰ Fukuyama's observation that nation-building and development aid have the effect of reducing state scope without attending to effective institutional frameworks²¹ seems particularly relevant in the Pacific.

Michael Ignatieff sounds a further note of caution in his observation that substantial interventions can end up 'sucking out' local capacity rather than building it.²²

A generic model for nation-building

An analysis of the recent US, UN and Australian literature shows that nation-building comprises a series of elements, the most common of which appear to be:

- *Peace and security:* This is the most basic and enabling function, and is initially concerned with imposing and enforcing peace in specific localities for specific purposes. These purposes could include the distribution of humanitarian aid, disaster relief, the care of refugees, or the stopping of killing, looting and other criminal activities. The authority, deterrence and enforcement of a military-led intervention can then be expanded over time and space to encompass the establishment of the rule of law. Importantly, the military should give way to civilian law enforcement as conditions improve.
- *Democratisation:* This nation-building element describes the interaction between the people and their leaders. It encompasses notions of representation, political parties, leadership, legitimacy, separation of powers, institutional design, regulation, governance and accountability, and ultimately elections. Implicit are universal duties, rights and freedoms. Of late, democratisation has received a bad press, with its connotations of regime change imposed by external powers whose liberal democratic values seem out of step with local culture and social conditions. But democratisation can also equally be an internal process, as evidenced by the dramatic and effective transitions that have occurred in the former Soviet bloc and throughout East Asia.
- *Economic development:* The third nation-building element occurs at two levels, the individual and the state. At the individual level, economic development is all about ideas, motivation and the opportunity that stimulates private enterprise and employs people, improves their welfare and lifts their standard of living and prosperity. At the national level, a growing economy enables the government to improve its delivery of basic public goods, especially law and order, education, and physical, social and communications infrastructure.²³ Unregulated economic development remains a serious risk, and sound governance, legislation and law enforcement are required to control corruption and rent-seeking behaviour on the part of governments.
- *Social and cultural factors:* Across all of these three factors, nation-building needs to be pursued in the social and cultural context of the state in question. Pre-colonial, colonial and post-colonial legacies need to be considered. Social attitudes to language, religion, tribe and clan, nationhood and modernity should be taken into account when fashioning a state-wide intervention. An understanding of these factors will enhance acceptance and legitimacy in the short term, and may work toward a sense of community and nationhood in the longer term.

Of course, these elements are closely related and essentially mutually supporting in any effective nation-building endeavour.

Other writers have examined how these elements, themes or lines of operations should be combined over time. Current military doctrine has these elements being rolled out through levers of state called DIME: diplomatic, informational, military and economic means. Michele

Flournoy recommends a number of techniques, including a comprehensive strategy, delineation of authority and enhanced civil-military cooperation.²⁴ John Montgomery and Dennis Rondinelli recommend approaching nation-building as a coherent aspect of Foreign Policy, emphasising security first, enabled by deliberate and transparent planning, coordination of donors, and by strengthening the state's capacity to govern.²⁵ Johanna Forman sees nation-building occurring in a number of phases; typically initial intervention, transformation, and ongoing sustainability.²⁶ These suggestions will be returned to in Parts 4 and 5 of this paper.

PART 2: AUSTRALIA'S NATION-BUILDING IN THE PACIFIC

Part 1 of this paper gave an historical view of decolonisation, explored the nature of state strength and weakness, and identified a common, generic model for nation-building. The four elements of this model are now employed to examine how Australia's nation-building has contributed to regional security, particularly:

- its lead role in the Solomons with Regional Assistance Mission to Solomon Islands (RAMSI);
- its involvement in PNG with the Bougainville Peace Process and with the more recent bilateral Enhanced Cooperation Program (ECP); and
- its involvement in Timor Leste with the International Force for East Timor (INTERFET), the United Nations, and its parallel bilateral relationship.

This part assumes a familiarity with the background to these missions. It also eschews the language of failed and failing states, preferring terms such as 'developing' and even 'fragile' as more applicable to the circumstances faced in the Pacific.

Peace and security

For the most part, Australia's nation-building in the region has been characterised by a robust and rapid imposition of local security. The early weeks of INTERFET and RAMSI provide typical examples of the way the Australian Defence Force (ADF) deploys at the invitation of a host government to cooperatively assist in reducing violence and lawlessness. In September and October 1999, Major General Peter Cosgrove's 'oil spot' strategy consolidated INTERFET's presence, first in Dili and then into the rural provinces to the west and east. By the end of October INTERFET had successfully restored peace and security throughout the island, leaving it free to deal with remnant militia elements in the Western provinces including the Oecussi enclave. Similarly, in 2003, RAMSI police and military deployed first into Guadalcanal and then Malaita, and secured the arrest of the ringleader Harold Keke within 21 days.

Both of these initial deployments comprised a military force of a size that was designed to 'overmatch' any potential opposition. A show of force was vital in deterring any organised resistance. But a key difference between the two was their remit. Whereas INTERFET's mission was limited to the restoration of peace and security (admittedly in advance of UN Transitional Authority in East Timor (UNTAET)'s wider remit), RAMSI was also responsible for the deeper aspects of machinery of government and economic development.

In contrast to these permissive deployments, Australia was extremely reluctant to become directly involved in the Bougainville crisis. This was due to an altogether riskier operational environment, with significant armed and organised resistance anticipated. Instead, Australia provided financial and materiel support to the PNG Defence Force (PNGDF) in its long conflict with the Bougainville Republican Army. This conflict saw many lives lost, not only as a result of a number of PNGDF actions, but also as the various factions on Bougainville turned on themselves in violent conflict between 1988 and 1998. It was only after the peace accord was signed that Australia provided unarmed peace monitors under the New Zealand-led Truce Monitoring Group, later the Australia-led Peace Monitoring Group. And with the ECP, Australia has similarly been careful to limit its requirement for better law and order to the metropolitan areas of Port Moresby and Lae, and not in the more dangerous highland

provinces. This shows a pragmatic approach to achieving what is possible in security terms, with government and community consent.

Australia continued to assist in the development of security in Timor Leste during UNTAET and subsequent UN missions. It supported the new nation's aspiration to maintain two infantry battalions and a flotilla to comprise the F-FDTL (Timor Leste Defence Force), separate from a national police and a border security service. Australia played a key role in the capacity development of the F-FDTL's officers and soldiers, defence infrastructure and English language training through its bilateral Defence Cooperation Program with Timor Leste.

The F-FDTL's role within the state of Timor Leste did not develop as expected, as shown by the events of 2006. The force that Australia had helped train and equip found itself at the centre of a power struggle between President Xanana Gusmao and Prime Minister Mari Alkatiri. Disaffection between F-FDTL members from the east and west of the island gave rise to an attempted coup, a military revolt, ongoing political instability and, ultimately, an intervention by Australian and regional forces, resulting in a change of government. Some observers see in F-FDTL a sense of 'revolutionary entitlement', where its ex-Falintil freedom fighters want to act to guard the nation and ensure it is governed in the 'right' way.²⁷ A large military, with no significant internal or external role, can use its power, prestige and organisation to become improperly involved in the civilian rule of the country. A similar situation currently exists in Fiji, where a military (with extensive experience of involvement in United Nations missions) has resolved that it functions and governs better than the politicians. Current Australian influence on Timor Leste is to downsize, re-role and re-organise the F-FDTL in order to remove this threat to ongoing political stability. Others have argued that a role should be able to be found for the F-FDTL in the life of the country, as a result of its revolutionary legacy and veteran composition. It is clear that the time is right for the introduction of security sector reform.

Australia's security intervention in 2006 again featured a quick imposition of order to counter the violence and confusion surrounding the political turmoil. It has been argued however that Australia acted in the political interests of Gusmao in order to force Alkatiri to step down as a result of the ongoing controversy about the rebels' actions.²⁸ Although 'regime change' might be too strong a term in this case, Australia does seem very comfortable with the election of Gusmao as prime minister, who rules by dint of a ruling coalition against the dominant Fretilin party.²⁹ Australia's principal issue with Alkatiri was his intransigence in negotiating on the Greater Sunrise field oil and gas revenues in the Timor Sea. So, in summary, Australia has resumed its security role in and for Timor Leste, despite the time and dollars spent on building an indigenous capacity.

In the Solomons, important gains in security since 2003 fractured in April 2006. Rather than being directly related to the role of the Royal Solomon Islands Police (RSIP) in politics, the breakdown in law and order was due to another phenomenon: popular resentment of how elites had prospered on RAMSI's watch. This will be discussed under the combined headings of democratisation and economic development.

Democratisation and economic development

RAMSI works in three broad areas:

- Machinery of Government—helping government better serve the people;

- Economic Governance—creating a more prosperous Solomon Islands; and
- Law and Justice—creating a safer Solomon Islands.³⁰

RAMSI had been almost universally lauded for its rapid and comprehensive results in achieving its first remit. It was able to turn its attention quickly to strengthening law enforcement and the rule of law by way of the Participating Police Force (PPF). Civilian police were deployed throughout the islands, to undertake community policing and criminal investigations, as well as to build the capacity of the RSIP. In the five years since 2003, RAMSI has arrested over 6000 militiamen, laid 9000 charges and confiscated over 3000 weapons:³¹ 'Law and order continue to be RAMSI's strong suit'.³²

With law and order well on track, RAMSI could then prosecute its subsequent objectives, the improvement of governance, and economic development. In the years since 2003, RAMSI has systematically approached the latter two tasks. In improving the quality of government, it has worked closely with the Electoral Commission, revamped Cabinet processes, recruited and trained (and paid) public servants, undertaken public sector corporate planning, improved provincial governance, and worked in areas such as civic education, budget control and financial management, revenue collection, and tax reform.³³

In the area of economic growth, RAMSI worked with the Solomon Islands Government to reopen larger enterprises such as Australian Solomons Gold Limited's Gold Ridge mine and Guadalcanal Plains Palm Oil Limited's plantation, both on Guadalcanal.³⁴

Other than these ventures, RAMSI's style was to work indirectly to stimulate smaller and individual enterprises by creating the appropriate business climate through tax and regulatory regimes. It did not become involved in the process of grants or loans, preferring to enable private enterprise through an environment conducive to business. In this, RAMSI's method was consistent with the Australian Government's Overseas Aid Program (AusAID)'s alignment with the Bush Administration's ambitious Millennium Challenge Account goals and World Bank prescriptions for small government and market liberalisation.³⁵ These initiatives saw the outsourcing of goods and services to a small private sector dominated by the Chinese community in Honiara.

The perceived relationship between elements of the governing elite and Chinese traders who benefited from this outsourcing caused popular resentment. The parliament's election of Snyder Rini, widely considered as corrupt, as prime minister in April 2006 provided the spark that saw angry mobs gather in the streets to burn down 'Chinatown', the capital's commercial district. The mob camped outside Parliament to demand that their leaders renounce 'money politics' and elect a Prime Minister that could redress the influence of these business interests. That no-one was killed or injured in the riots was fortunate, and perhaps due to the lack of a robust police response.³⁶

The continuing stability of the Solomons is closely linked to the employment and prosperity of its people. RAMSI has still to address several important issues, such as freeing up land for commercial use in a context of customary ownership. Agriculture is the key to private enterprise on the Solomons, and land use and transport infrastructure are the bottlenecks that are hindering its flourishing.³⁷ And despite the efforts to open the gold mine, production has yet to commence because of a growing number of affected parties and associated security concerns.

In Timor Leste, Australia's experience with the deeper elements of nation-building is less direct, set as it is within a UN context. Australia's leadership in Timor ended with INTERFET's handover to UNTAET in February 2000, and its interests thereafter were to ensure that institutions and democratic processes were developed for the nascent nation. Australia would nevertheless have had a significant influence on UNTAET policy and actions in the run up to elections in May 2002, as well as during the successor UN missions.

UNTAET's mandate was far broader than INTERFET's: it was responsible for both maintaining security and governing the country to prepare it for nationhood. The UN Special Representative, Sérgio Vieira de Mello, had a wide remit—he was charged with legislative and executive duties, although, alas, without the associated finance and budget control. He was responsible to both the UN Secretary General for the governing of the country, and to the Timorese people for preparing them for independence and nationhood.³⁸

De Mello faced serious problems in setting up the transitional administration. Recruitment of quality international staff was a major challenge, as UNTAET struggled to man its organisation. In particular, serious staff shortages hampered its efforts to develop the justice sector and national police force. And where de Mello was successful in attracting staff, he found that he had recruited generalists and not the specialists that were badly needed in the agricultural, economic, and employment sectors. Australia did play its part however by providing a group of specialists for the budgeting and financial reform department, and also military specialists in the peacekeeping arm of the mission.

By the time independence was declared in May 2002, it was clear that UNTAET had not succeeded in creating functioning institutions of state. It had followed a World Bank market liberalisation agenda of supporting the growth of private enterprise over public economic institutions and agencies. This was particularly so in the agricultural sector, where the creation of a viable rice industry is dependent on active support through grants, micro-loans and a period of tariff protection. The Timor Leste government's request to use aid money to rehabilitate rice fields and to build grain silos and abattoirs was rejected by the World Bank.³⁹ Even after independence, private enterprise has had neither the capacity to have a widespread effect on the country's development and poverty alleviation, nor provided the jobs and stability needed by the population. Australia's approach to market liberalisation has been identical, and has mirrored that of the United Nations and reinforced it.

In hindsight, Australia may have allowed UNTAET too much room to do its job. The United Nations' recent experience was in the Balkans, a theatre where it did not lack for international support, advice and assistance. Timor Leste was in contrast geographically remote, with few international friends other than Australia, Portugal and Indonesia. De Mello's predecessor, Ian Martin of UNAMET, has written that UNTAET approached its mission with a peacekeeping, rather than a peace-building, mindset.⁴⁰ What peace-building (or nation-building in the parlance of this paper) requires is a long-term and comprehensive commitment, a project methodology, and an ability to build local capacity, rather than a technical, activity-based, impartial approach that seeks quick results and uses external resources. Australia perhaps should have exerted a stronger influence on UNTAET, while providing more expertise and human resources to help it with its nation-building task. Alternatively, Australia might have considered whether a regional coalition might have better performed this task than the United Nations.

On its own, Australia has had a profound effect on Timor Leste's economic development. Very shortly after UNTAET had been stood up, Australia commenced negotiations with it

over the oil and gas reserves within the Joint Petroleum Development Area (JPDA). While royalties in this area were settled in Timor Leste's favour to the tune of 90:10 by independence, the main game was the much larger Greater Sunshine field nearby. Australia took a very robust line in its negotiations with UNTAET on this, and reneged on an agreement to abide by the UN Convention on Law of the Sea. Downstream revenues from Greater Sunshine are projected to be A\$10 billion (and from JPDA, A\$15 billion), which represents the major source of government revenue for Timor Leste.⁴¹ In these negotiations, Australia's single-minded pursuit of its own interests denied Timorese aspirations to claim sovereignty over these resources and exploit the proceeds to develop their nation. It may be that Australia's extreme reticence to take a more generous line was due to an assessment that wealth and access to resources was likely to be concentrated in the hands of the Timorese government and its politicians. It may be that the revenues foregone in the process could be returned to the Timorese through Australian overseas development aid and other forms of assistance. But the resolution of the negotiations (a 50:50 split, with further talks over boundaries deferred for 50 years) reinforces the view that Australia gained for itself privileged access⁴² to Timor's oil and gas reserves, at the expense of the new nation's ability to act in its own interests—good or bad.

Social and cultural factors

What is clear is that nation-building must be approached from a local perspective if it is to have any sustainability in the medium to long term. 'A good place to start is the identification of appropriate "stepping stones to national consciousness".'⁴³ Australia's results in this area have been mixed.

In Timor Leste, Australia's influence has been to downsize the F-FDTL, reform Fretilin, and press for the adoption of English as the official language. The problems with this, from a Timorese point of view, are numerous. First of all, the Army (as the successor to Falintil) still occupies a valued place in the life and history of the nation. The Army at least provides employment, skills development, leadership and a sense of purpose for its personnel. An appropriate role should be fashioned for it, alongside the police and the border security service. Likewise, Fretilin is the dominant political party in the country, still enjoying high levels of popular support through the nation. Australia's intervention against an elected government does run the risk of arresting the development of the political process and democratic institutions in the country. And as for language, Portuguese provides an identity for the new nation. English has many important advantages, but a doctrinaire approach to imposing this measure could prove counterproductive.

In the Solomons, RAMSI's presence in the important government departments is all-pervading. Part of the appeal of Manasseh Sogavare's standoff with RAMSI in 2006 was the popular perception that expatriates had taken control of the ministries and were making all the important decisions, thereby marginalising local officials.⁴⁴ This perception worked against RAMSI's reputation as an honest broker and friend of the people against corrupt politicians, officials and police. Having made the initial intervention, and communicated its intentions, RAMSI needs to develop strategies for building the capacity of the local officials. This will entail losing some control over the reform agenda and its pace of roll-out, but would also work to secure the ongoing commitment by the Solomon Islanders themselves. Sinclair Dinnen's 'stepping stones'—the education system, Tok Pisin, and the popular culture spreading through the urban centres⁴⁵—would provide a cultural context for the further development of RAMSI. Indeed, a monolithic system is reminiscent of the initial stages of Australia's own Northern Territory National Emergency Response, where a range of common

health, policing and welfare measures were rolled out across all 73 communities, despite local variations in the situation on the ground.

Summary

In the post-colonial era, Australian aid to the Pacific has invested money through sovereign governments by putting money into local ministries and hoping for a trickle-down effect of prosperity to the provinces and districts. Lately, Australia's ODA has focused on regulating a conducive economic environment, restoring law and order, and promoting smaller government under post 'Washington Consensus'-style market liberalisation policies.⁴⁶ These practices have had the effect of favouring elites within government—repatriating many of the funds through 'boomerang' aid, but failing to address the underlying challenges associated with poverty, unemployment, poor infrastructure and a weak private sector for small- and medium-size enterprises.

Australia's interventions in the Solomons, Timor Leste and PNG are a departure from almost 30 years of traditional aid provision. In particular, the innovative and pragmatic approach it employed in the Solomons⁴⁷ is evident in all three cases. But although a rapid re-establishment of security has been their hallmark, Australia's nation-building does not appear to have delivered lasting progress in law and order and stability throughout the region. Local leaders have been intent on consolidating their grip on power, to the detriment of their ability to deliver on public expectations for improvements in quality of life, economic development and employment.

But, given the problematic nature of Australia's success in addressing these broad security challenges through nation-building, should it stop trying to make the practice work? Should Australia return to a hands-off, less direct approach through more grant and program aid, and let local governments chart their own course? Part 3 further assesses the worth of Australia's nation-building by projecting the consequences for regional security over the next decade if Pacific states are left to follow their own destiny, absent an intention and capability on Australia's part to directly intervene.

PART 3: WHAT IF AUSTRALIA DID NOT UNDERTAKE NATION-BUILDING?

For Australia, its security and prosperity will increasingly be linked to the security and prosperity of its neighbours.⁴⁸ Looking a decade or more into the future, the region will experience rapid urbanisation, further deterioration of an already decrepit infrastructure, multiple problems of human security, as well as shrinkage of local industrial base. In PNG alone, 'the population of 6.1 million will almost double, HIV/AIDS will become a pervasive health crisis, parts of the country will continue to evade the control of the national government and service delivery will continue to be patchy at best'.⁴⁹

What alternatives to nation-building are available for Australia to influence or address these challenges to regional security?

More official development assistance

Australia could stick to the tried and true way of dealing with the Pacific—more ODA. In relation to PNG, Australia has traditionally viewed this nation-state through a 'development lens'.⁵⁰ The problem is that, in the Pacific, aid is suffering a 'crisis of confidence' where billions of dollars in ODA have been spent without significant progress in economic development.⁵¹

In its history, PNG has experienced three separate colonial administrations with Great Britain, Germany and Australia in the twentieth century. As a Pacific nation, it was among the last in the world to experience colonial administration, and to undergo decolonisation.⁵² As a result of these influences, this new country of 6.5 million people and over 800 languages was thrust into the international community with little experience of what it meant to be and act as a state. Two of its provinces, East New Britain and Bougainville, had a well-developed sense of statehood even before independence in 1975. But the highlands provinces were opened up much more recently, with many of their people establishing first contact with Europeans only in the 1930s and experiencing modern development in the 1950s.

A decade after PNG achieved independence in 1975, the country's public institutions and standards of government started to deteriorate, despite the provision of 'nearly \$15.5 billion in today's dollars since independence'⁵³ in Australian ODA. Soon after independence, political power in PNG was decentralised to the provinces in order to circumvent separatist tendencies in the advanced provinces, and to enable a local engine of growth in the developing ones. Today, the combination of ODA and the decentralisation experiment has failed to meet the early hopes for the construction of a state and a nation. PNG is a weak state beset by a range of deep political, safety, social and economic challenges that seriously inhibit its ability to deliver even the most basic of public goods to its people. These problems are complex, but they are interconnected and traceable to the breakdown of government at the local, provincial and national level, and its surrender to the politics of patronage and corruption.

PNG's problems are most acute and obvious in the highlands provinces, the most populous and resource rich in the country. These provinces by no means typify the nationwide situation, but do nonetheless provide the highest risk to PNG's ongoing viability as a state, absent external assistance.

The most obvious failure of government in the highlands is the breakdown of law and order. Clans and tribes have long exercised a tendency for ethnic violence according to custom, though this had been contained in the later years of Australia's colonisation. Today, clan and tribal violence is largely the result of conflict over access to the rich mineral resources that are being exploited in the highlands. Disagreements over the distribution of revenues from gold, copper, oil and gas resource extraction have seen traditional conflict resolution mechanisms give way to widespread lawlessness and armed violence.⁵⁴ The Southern Highlands Province has effectively been beyond central government authority since 2000, and experienced a state of emergency in late 2006. Deep problems exist in the policing sector, where the Royal PNG Constabulary (RPNGC) lack even the barest of facilities, communications and vehicles, they are irregularly paid,⁵⁵ and as a result are ineffective and often corrupt.

Violence in the highlands is associated with and enabled by a proliferation of small arms. Factory-made weapons flow in from Indonesia, but two-way smuggling does operate into Cape York.⁵⁶ Small arms are principally involved in domestic violence, inter-group violence, and armed assault. Jane's assesses that small arms proliferation 'poses the greatest internal security threat' to PNG.⁵⁷

The breakdown in law and order has seriously curtailed government service delivery throughout the region. In towns and villages in the Southern Highlands province, there is little government presence. Banks, government offices and aid posts are closed, and people must go to Mt Hagen or Port Moresby to access these services. Roads and infrastructure have fallen into disrepair, as there is no money to rebuild them, nor adequate security for contractors to perform the work. The situation is very likely to worsen over the next 10 years, as the PNG government continues to draw revenues from resource extraction rather than from a personal taxation system that would make it more accountable to all of its citizens.⁵⁸ In all likelihood, the resource revenues will continue to be 'squandered', further dooming service provision—and all the while increasing the demand for them, with the associated heightened probability of civil unrest.

The deterioration of public health in PNG, specifically the HIV/AIDS epidemic, presents a formidable challenge. Currently, PNG is experiencing sub-Saharan African rates of infection and mortality, with 25 per cent of the population estimated to be infected by 2020.⁵⁹ Unchecked, this will have a devastating effect on family stability, employment and the economic development of the nation, and is leading PNG toward a humanitarian disaster.⁶⁰ In the Southern Highlands province, women have been accused of witchcraft and tortured as a result of AIDS-related deaths, demonstrating the connection between the epidemic and law and order within the province.⁶¹ The epidemic is also likely to affect Australia's territorial security, as increasing numbers of PNG nationals are making a quick (and often hazardous) sea transit to access health facilities in the Torres Strait islands and Cape York.⁶²

Looking further into the future, there is the possibility that criminal or politically motivated groups could take up residence in PNG. As the terrorist attacks of 11 September 2001 (United States) and the 12 October 2002 (Bali) bombings have shown, threats to regional and international security can be mounted from areas outside state control. Non-state actors or organised crime could conceivably train, equip and operate in sanctuaries away from PNG police, immigration⁶³ and defence forces interference. Their activities could be protected by local criminal gangs or autonomy-seeking provincial governments. These groups could destabilise PNG over an extended period, and present a serious challenge to wider regional security, including that of Australia and Indonesia.

Do-it-yourself approaches

Rather than allow these security challenges to continue unchecked, some states have taken active measures to address them. Taking their inspiration and justification no doubt from Australian and other Western models of intervention, the government of PNG has recently acted to restore law and order. In Fiji the nation's military forces have intervened to overthrow a democratically elected government, arguing that government needed to be 'cleaned up'.

The PNG Government declared a State of Emergency in the Southern Highlands Province in August 2006 as a result of ongoing lawlessness and violence. A contingent of the RPNGC from the National Capital District, supported by a contingent of PNGDF infantry and engineers, also deployed to prepare for the 2007 national elections. The Special Police Operation (SPO) was tasked to provide security for the conduct of national elections in the province, as well as to remove illegal weapons, restore government services, and provide post-election stability. The peaceful conduct of the elections once again proved the utility of force in providing security for a limited space for a limited time. The success of the deeper tasks, for which the SPO remains in place currently, is debatable however. Violence has returned to pre-election levels, and many villages and local centres remain without basic government and commercial services.

At the other end of the scale, the Republic of Fiji Military Forces (RFMF) intervened to overthrow Fiji's democratically elected government. The December 2006 coup had its roots in the 2000 coup and Commodore Frank Bainimarama's growing dissatisfaction with the Laisenia Qarase Government's moves toward reconciliation for the coup plotters. Acting in the cause of anti-racism and anti-corruption, Bainimarama launched his 'good governance' coup on 5 December 2006 to clean up the Qarase Government and then placed all executive powers in the hands of the RFMF. He 'stepped into the shoes' of the President at the time, but later installed himself as prime minister of an interim government. The coup was supported at the time by the Fiji Human Rights Commission, the Fiji Labour Party, elements of the Catholic Church and even the local branch of Transparency International.⁶⁴ Over the last 18 months, RFMF officers have been placed in charge of police, prisons, immigration, justice, the postal service, fisheries and airports.⁶⁵ A steady erosion of state capacity to deliver services is apparent, as is a lack of accountability in the governance of the country as a result of these interim, imposed arrangements. In the medium to long term, the coup and the RFMF's dominance of public institutions will only increase the chance of future interventions and decrease the autonomy of future elected governments.⁶⁶ As it happens, new elections, promised by the end of March 2009, have been delayed⁶⁷ and it is likely that the country will remain divided, in turmoil and poorly governed until a proper separation of powers can be achieved.

Nation-building reaffirmed

If Australia abandoned nation-building, it is most unlikely that either ODA or home-grown interventions would be enough to address these security challenges over the next decade. Hands-off development assistance from Australia cannot alone halt the rise of ethnic division, armed violence and criminality, nor address poor governance, institutional capacity and service provision within government, nor fight the spread of HIV/AIDS within a burgeoning population. Nor can under-resourced, limited or misguided indigenous efforts address these challenges. Unchecked, the state of lawlessness and government irrelevance apparent in the Southern Highlands Province would very likely worsen over the next 10 years, and perhaps

spread to other provinces and across national borders to provide a haven for transnational crime and non-state actors to operate.

In time, these compelling and simultaneous conditions would likely grow to threaten the very viability, legitimacy and integrity of PNG as a state. This would have serious consequences for ongoing regional stability, not to mention that of Australia and Indonesia, and their important bilateral relationship. If Australia chose not to assist PNG in confronting these challenges now, it would inevitably have to mount a sustained and expensive response at some time in the future. In the meantime, without Australia's support, PNG could well feel isolated and go it alone, as it has done in the past, or enlist the support of others. This has already proven to be the case in Fiji, where an interim government has resisted regional diplomatic pressure to commit to future democratic elections. Fiji has secured another source of external assistance, and the consequences that this development has for regional security will now be discussed.

Allowing China a free hand

Australia's withdrawal from nation-building commitments could provide other powers an entrée to and free hand throughout the region. Focusing principally on China's rising influence in the region, commentary is divided. Some (Ron Crocombe,⁶⁸ Graeme Dobell⁶⁹ and Susan Windybank⁷⁰) assess Chinese influence as destabilising and long-term strategic, while others (Yongjin Zhang,⁷¹ Terence Wesley-Smith⁷² and Fergus Hanson⁷³) emphasise the development opportunities that it presents to island nations. The argument made by the former group is that China has become a regional power by default. Due to US strategic disengagement with the region, China has been able to use its soft power to compete for influence with the United States, sideline US interests, and even play out its long-term encounter with the United States in a low-risk proxy theatre. The latter group of writers argues that China is not following a grand strategy at all, but simply trying to counter Taiwanese influence, with economic reasons an important, but secondary, consideration.

Taiwan is recognised by six nations in the region, including the Solomons. Three Taiwanese ministers recently quit their posts after taking responsibility for the alleged embezzlement of A\$30 million intended to sway PNG's support for recognition of Taipei over Beijing.⁷⁴ In competing with Taiwan for diplomatic recognition of its One China Policy, China has provided grants, loans and projects as part of an undeclared aid policy, without conformance to the guidelines espoused by the Organisation for Economic Co-operation and Development (OECD). What is widely agreed is that China's 'value free' approach to aid has the potential to destabilise Pacific states.

Chinese aid is characterised by a preference for high-profile infrastructure projects. Over the past 15 years, it has built new stadiums for the South Pacific games in PNG, Fiji and Samoa. These are indeed 'key' projects, where China abrogates any responsibility for maintenance—with the result that they fall into disrepair. China has also completed the Secretariat of the Melanesian Spearhead Group (MSG) building in Vanuatu—a project that included three years' salary for its new Secretary-General. Western donors did not support this aspect, as they feared that the MSG might break away from the Pacific Islands Forum (PIF) and undermine regional cooperation.⁷⁵ China's aid to Fiji has skyrocketed since the 2006 coup. From US\$1 million in 2005, Chinese grant and loan pledges jumped to US\$167 million in 2007. This figure is just over half China's annual aid to the entire Pacific and dwarfs Australia's A\$21 million ODA pledges for 2007–08.⁷⁶

Chinese aid and trade allow grantee governments to work outside recommended and even agreed frameworks for development. China is pursuing a classic win-win objective—access to resources for itself, with additional and well-appreciated economic opportunities for the island nations. The fact that Chinese aid comes without strings allows these countries options outside the Western donors' favoured post-'Washington Consensus' propensity for small governments, privatisation and market liberalisation. In pursuing mutual economic development, China could in future, as Windybank suggests, act to protect its interests. Local disruption, for example, to the operation of the Ramu nickel mine, which is owned by China Metallurgical Construction Company, could see the Chinese put significant pressure on PNG's national government, if not act itself.⁷⁷ Pacific states will increasingly need to take China's views into account, which accords with Chinese long-term objectives for a multi-polar global system.

Should China assume an even more active regional leadership role in the South Pacific, the consequences for regional security would be significant. China would face little pressure to coordinate its aid, and would remain in a competitive cycle with Taiwan, pursuing a 'divide and conquer' approach to gain diplomatic recognition and assure access to resources. Local governments would take the aid with little compunction, to the detriment of coordinated and sustained improvements in governance, social cohesion and national prosperity. The US-dominated unipolar system would experience another regional challenge, with China asserting its presence and role in the South Pacific. With a distant United States and Australia, China could be emboldened and move to consolidate its influence. This could trigger a hasty US re-engagement in the region, and see the United States resume Australia's responsibilities and engage or even confront with China directly.

Conversely, if Australia were to remain engaged and active in the region, substantial security and development benefits would accrue to the Pacific states. Chinese interests are for a stable region, and it is here that Chinese and Australian interests are well aligned on outcomes, if not processes. Australia would be in a favourable position to engage with China, and encourage it to provide aid that does complement international frameworks, such as the Pacific Plan, OECD guidelines, and the UN Millennium Development Goals, while also meeting international standards for governance and sustainability.

Summary

Despite the mixed reviews for Australia's nation-building being able to assure regional security, a *laissez-faire* alternative is far less appealing. Australia's willingness to assist its Pacific neighbours materially, whether through the traditional provision of ODA, or the newer paradigm of cooperative intervention, assures them of our commitment to their prosperity within a stable region. Australia needs to respect their sovereignty and be especially mindful of their right to shape and participate in nation-building. Yet both parties would agree on the immensity of the challenges before them, and might sincerely hope that a more successful and cooperative approach to nation-building can be forged. In other words, Australia's challenge is to become *effective* in the region now it has made itself *essential*. Parts 4 and 5 take up this challenge by formulating an Australian nation-building policy.

PART 4: A REVIEW OF EXTANT NATION-BUILDING POLICIES

What policy exists to guide Australia's nation-building?

Despite Australia's intense experience of nation-building in the past 18 years, little policy exists in the public domain to guide its future. Part of the problem stems from the policy disconnect of the 1990s, where a 'Defence of Australia' policy existed alongside a Labor government's willingness to participate in UN peacekeeping in Namibia, Cambodia, Rwanda and Somalia. Australia participated in these operations as a responsible international citizen, with its own national interests only being marginally engaged. Australia contributed forces, and even a Force Commander in Cambodia, to UN- or US-led coalitions. Its niche contributions, limited mandates and clear exit strategies were designed to service its global and alliance responsibilities. It remained largely content to participate in the higher design of great powers and avoid the responsibility for such weighty matters as nation-building.

The lack of declaratory policy is also surprising given Australia's regional leadership that emerged later in the same decade. First in Bougainville, and then in Timor Leste, Australia was called upon to play a lead role in the initial stabilisation stages. Having 'won the peace', that is, restoring an enabling security, Australia could then withdraw from its lead role to support the efforts of multilateral organisations. And, in the post-11 September 2001 world, Australia would undertake more comprehensive nation-building in the Solomons and PNG. Both operations were guided more by a sense of institutional learning and memory of earlier experiences than by an explicit doctrine.

It is therefore surprising to find that Australia does not have a nation-building policy. Its ODA policy is declaratory and recently updated,⁷⁸ and one could be forgiven for thinking that successive governments shy away from making explicit their more interventionist policies. Australia's governments might prefer to be seen by the public to react quickly and decisively to crises, rather than to be seen planning for long engagements and the slow grind of institution building and governance promotion in foreign lands.

As the earlier sections of this paper have described, nation-building is a complex, uncertain and long-term undertaking. Excursions into others' sovereignty are difficult to justify domestically, notwithstanding a post-11 September 2001 fear of failed states. These factors complicate neat mandates and clear exit strategies, a situation further complicated by the responsibilities of regional leadership. Whereas Australia's peacekeeping experience was simply subcontracted to the military in the past, it is now becoming increasingly an inter-agency affair, requiring whole-of-government participation and coordination.

US policy approaches

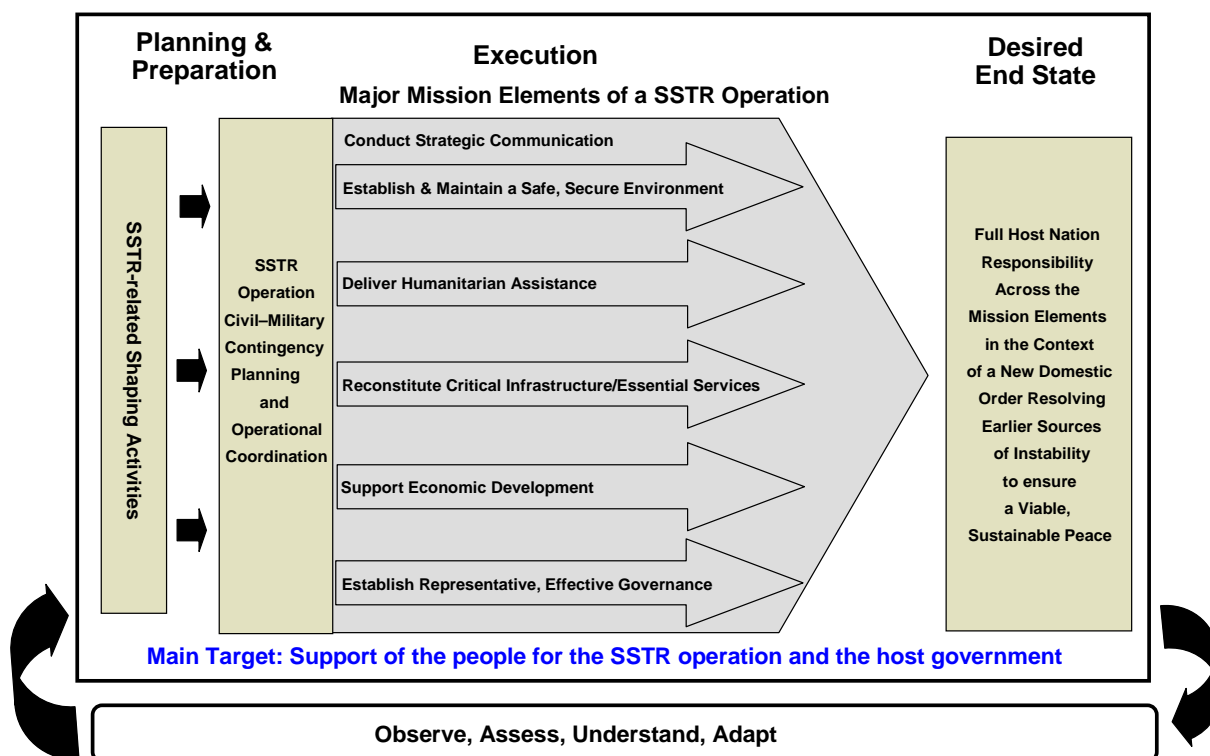
This reticence to adopt an explicit nation-building policy is not confined to Australia of course. The Clinton Administration's deepening engagement in Africa and the Balkans eventually gave rise to a policy document—Presidential Decision Directive 56 (PDD56) in 1997.⁷⁹ For the first time, a recent administration declared its approach to 'Complex Contingencies'—nation-building by any other name. PDD56 called on all US Government agencies to institutionalise what they had learned from recent operations. It observed that while government had developed independent capacities, military and civilian agencies should better synchronise their efforts. In order to foster durable peace and stability, civilian and military components must be closely integrated. The PDD required that proven planning

processes and implementation mechanisms be formalised in a Political-Military (pol-mil) Implementation Plan. Reading rather like a detailed military operational instruction, the pol-mil plan comprised a statement of national interests, mission, responsibilities and tasks, transition points, organisations, and functional area tasks. The plan would be overseen by a high-level, cross-government Deputies Committee, rehearsed and reviewed, as well as being taught at the US National Defense University and the National Foreign Affairs Training Center. PDD56 was signed in May 1997, but had insufficient time to embed itself within government before the accession of the Bush Administration in 2000. George W. Bush's stated distaste for nation-building during the presidential campaign and up to 11 September 2001 consigned this approach to history.

As time and events proved, Bush was compelled to embrace nation-building writ large following the 2003 invasion of Iraq and the subsequent Sunni insurgency. As a result of the US missteps, Bush released his own policy document on the subject in 2005. National Security Presidential Directive 44, titled 'Management of Interagency Efforts Concerning Reconstruction and Stabilization',⁸⁰ dispensed with PDD56's detailed planning focus, concentrating instead on departmental responsibilities. The Department of State was made responsible for planning and coordinating stability and reconstruction operations, and a Special Representative for Stability and Reconstruction was appointed. All government agencies would work to State's lead. As for the Department of Defense (DoD), it released its supporting doctrine, DoD Directive 3000.05, 'Military Support for Stability, Security, Transition and Reconstruction (SSTR) operations' in 2007. This directive is most notable for its declaration that 'stability operations are a core US military mission that the Department of Defense shall be prepared to conduct and support. They shall be given priority comparable to combat operations and be explicitly addressed and integrated across all DoD activities'.⁸¹ Progress in implementing the directive is promising so far. DoD is working with the Department of State and US Agency for International Development (USAid) to establish a Consortium for Complex Operations (CCO).⁸² The CCO would serve as a repository for inter-agency best practice, facilitate information sharing and undertake concept development among numerous government agencies and non-governmental organisations (NGOs). Courses in SSTR have commenced at the Asia Pacific Center for Strategic Studies in Hawaii.

Expansion of inter-agency synchronised planning and activities has also occurred, with a National Strategic Planning System envisaged. Work is also underway to institutionalise National Security Presidential Directive/NSPD-44, emphasising deployable civilian–military teams. From a DoD point of view, the near-term challenge lies in expanding the capabilities of these teams, coming from non-DoD agencies, to deploy overseas to perform the six major mission elements depicted (Figure 1 overleaf) in the DoD recent Joint Operating Concept for SSTR:

Figure 1
The Central Idea for Conducting SSTR Operations



(Source: Government of the United States, *Military support to stability, for stability, security, transition and reconstruction (SSTR) operations—Joint Operating Concept*, Version 2.0, Department of Defense, Washington, DC, December 2006, p. iv.)

RAND's formulation

As Part 2 explained, the US experience in Iraq and Afghanistan has given rise to a renewed interest in the study of nation-building. The RAND Corporation has been at the forefront of this study, with a series of books analysing the United States and United Nations experiences. A recent publication synthesises these lessons and experiences into a "Beginners Guide to Nation-Building".⁸³ Dobbins has restated and refined his list of nation-building tasks in priority order as:

- security;
- humanitarian;
- governance;
- economic stabilisation;
- democratisation; and
- infrastructure and development.

RAND's nation-building tasks conform to a now-familiar model—and one that accords (not unsurprisingly) with the DoD's approach at Figure 2 on page 28. Of interest in the RAND

formulation is the prominence given to infrastructure and development. 'Infrastructure', like 'reconstruction', is understood in its broadest sense, that is, stretching beyond the physical dimension—essential services, roads, ports and airfields, housing and communications—and into the very institutions and agencies that connect societies and economies to each other, and give individuals the chance to expand their horizons. RAND also discusses the fundamental requirement to adopt a planning focus in relation to preparing for nation-building tasks, the crucial strategic choice between co-option and deconstruction of existing regimes and structures, and the importance of working within a regional and international framework.

Australian policy—ASPI reports

Closer to home, ASPI's recent work⁸⁴ studying the Pacific contains very similar themes. In particular, its recent reports have stressed the importance of improving relations—multilateral and bilateral. In a similar vein to the RAND report, the ASPI reports recommend that Australia progress its new engagement with the Pacific through improved bilateral relations, marked by personal diplomacy, the Australia Pacific Council, and engaging China. A Pacific approach to governance would envisage both improving the demand for good governance, as well as its supply. In the Pacific, as Hank Nelson argues, it is those who respond to public enquiries, together with the clerks and the account-keepers,⁸⁵ who are sorely needed. Helping to re-establish basic goods and services at the local level could be instrumental in the population demanding these public goods from their governments. Both ASPI reports call for the development and de-regulation of the informal economy in order to stimulate private enterprise and innovation. Basic infrastructure would allow local populations to pay more attention to strengthening their cultural and creative industries, as well as allowing them access to markets. Person-to-person links are important above all, and the ASPI reports have repeatedly called for Australia to open its labour market to Pacific Islands—as it is now tentatively doing—as well as deepening two way knowledge through job exchanges and recognition of local cultural practices and situations. Finally, ASPI calls on Australia to maintain a major commitment to PNG as it faces a series of major challenges described in Part 3 of this paper.

The Australian Army's Adaptive Campaigning concept

In the absence of any official Australian Government policy on nation-building, the Australian Army's Adapting Campaigning concept⁸⁶ is instructive. As a result of its experiences since 1999, the Army increasingly sees itself supporting whole-of-government efforts in post-conflict resolution. Eschewing a series of parallel operating concepts for different situations, adaptive campaigning presents a unified, comprehensive approach to undertaking a full spectrum of likely activities, ranging from combat, through stability, reconstruction, counter-insurgency to security operations, not to mention humanitarian assistance and disaster relief.

This comprehensive approach would envisage the Army leading or supporting the following lines of operations:

- joint⁸⁷ land combat;
- population protection;
- public information;
- population support; and
- indigenous capacity-building.

Rather than focusing exclusively on enemies, adversaries and threat groups, Adaptive Campaigning acknowledges the reality presented by Rupert Smith's 'war among the people' and enlarges its focus to influencing populations and popular perceptions. Just as NSPD-44 has made stability operations a core mission of the US military, Adaptive Campaigning would place the Australian Army in a similar posture, ready to lead on all lines of operation until civilian agencies could be in a position to take them over.

Two aspects of the concept deserve criticism however. First of all, the military focus of the document has led to the adoption of some hybrid, specific language. The comprehensive nature of the concept gives it a wider utility than just being confined to the Army. It could usefully be examined and appraised as a joint operating concept, as well as an integrating one at the cross-government, inter-agency level. In this context, terms such as 'population protection' and 'population support' should be changed in favour of more meaningful 'public security' and 'essential services', thereby inviting a broader dialogue and participation across government and the nation. It would also align Australia's model with US and UN practices.

A second criticism is the concept's rather clumsy construct of 'normalcy'. Normalcy is proposed as the desired end-state of the nation-building process, being approached via the five lines of operations. If a single end-state were indeed possible, other contenders might include 'peace', 'stability', 'democracy', 'government' or 'rule of law and institutional strength', or even Fukuyama's construct of state strength and state scope. 'Normalcy' represents the military's long desired 'end state', but one which requires a more complex, multi-dimensional input than just a military conception of victory or defeat. Normalcy is relative and evolving, and will only be achieved gradually over a long timeframe. Indeed, as Fukuyama has found recently in the Solomons, 'RAMSI is thus operating under rather fictional premises, namely that at some point the country's capacity will improve across the board to the point that RAMSI can be withdrawn'.⁸⁸

Nevertheless, Adaptive Campaigning represents the closest template to official nation-building policy that exists within Australia. It is clearly ahead of its time in a whole-of-government sense, and will be appropriated in the final part of this paper to form key elements of a new policy for 'Australia's way of nation-building'.

PART 5: A POLICY FOR AUSTRALIA'S WAY OF NATION-BUILDING

Introduction

Parts 1–4 described the international and Australian practical experience of nation-building, and Australia's disturbing lack of consolidated policy on the subject. Part 5 seeks to formulate an 'Australian Way of Nation-building' under the following policy recommendations:

1. Articulate an explicit nation-building Policy Statement
2. Adopt a comprehensive and deliberate approach
3. Make a whole-of-government commitment
4. Inspire a whole-of-nation participation
5. Implement the policy in the villages and provinces
6. Institutionalise the policy
7. Coordinate the policy regionally and internationally
8. Resource the policy

1. *Articulate an explicit nation-building Policy Statement*

Such a Policy Statement might read:

In the post-colonial era, Australia's approach to assisting neighbouring nation-states to create and strengthen their own institutions and sense of statehood has focused on the provision of official development assistance (ODA). ODA's focus on capacity-building and technical assistance has been useful and successful in many ways, particularly in improving institutions and governance. But it has proven inadequate in ensuring consistent and equitable service delivery, and been unable to prevent and respond to the state crises that have increasingly occurred in the region. The terrorist attacks of 11 September 2001 in the United States and 12 October 2002 in Bali have shown that Australia's national security is increasingly challenged by global events and bound up in the strength and resilience of the region. For Australia, this has seen a renewed determination on the part of government to actively assist its neighbours to address the challenges that confront them. These challenges include weak institutions of state, poor delivery of basic services, political instability, transnational crime, high unemployment and serious health issues. To complement its new approach to ODA, Australia will embrace the theory and practice of 'nation-building'—that is, taking a coherent, whole-of-government, whole-of-nation approach to its foreign policy in order to help its neighbours address and, where necessary, recover from the impact of these challenges.

In the last decade, Australia's determination to materially assist and work together with its neighbours is evident in its efforts in Bougainville, Timor Leste, the Solomon Islands and Papua New Guinea. This new policy aims to consolidate these experiences and the associated lessons learnt in order to prepare for similar undertakings that are most likely to occur in the future. This policy makes explicit both Australia's intention and its capability to commit itself to the prosperity and security of its neighbours through an active, consultative and outcome-driven approach to overseas development through the practice of nation-building. With the agreement of Australia and a partner country, this nation-building policy aims at preventing crises and building prosperity in the first instance. In the event that crises and conflict occur, this policy will also inform Australia's (and the region's) response in the post-conflict stability and reconstruction phase. Nation-building requires a long-term commitment, and the dedication and coordination of significant resources over this time. The choice on Australia's part to commit itself to such an undertaking in respect of one of its neighbours will not come lightly; it will most likely result from a coincidence of Australia's national interests and those of its neighbours in the both the short and long term.

Although this policy will provide both conceptual and practical provisions, and a common reference framework, it will need to be considered and ultimately applied in the prevailing circumstances and local conditions. The object of the policy is two-fold:

1. To ensure that all arms of government are aware of their separate and shared responsibilities, have a common understanding of the scope, nature and language of this cross-government activity, and ultimately prepare them to plan, implement and review such an undertaking. To this end, it will provide government with some 'boxed general solutions' for several types of intervention.
2. To provide Australia's neighbours with an indication of the objectives, methods and alternatives for how it might interact with them, with the object of building confidence and familiarity with Australia's approach and its commitment to their prosperity.

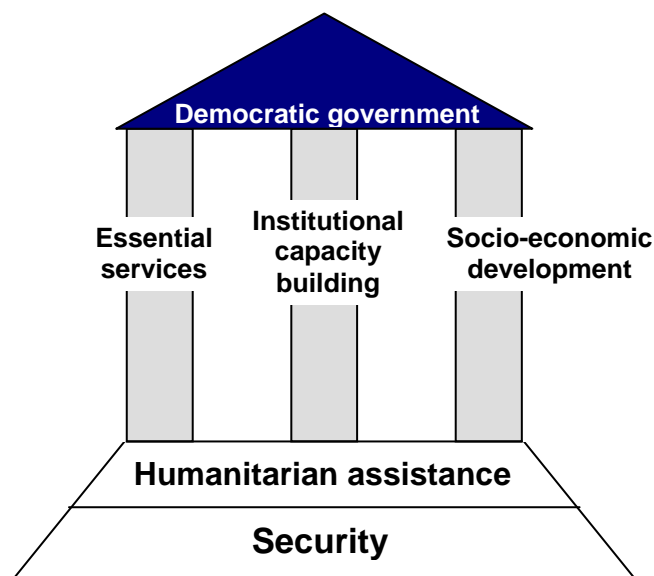
2. Adopt a comprehensive and deliberate approach

Adopting a comprehensive and deliberate approach is the next policy requirement. For too long Australia has embarked upon this activity in an *ad hoc* way in response to a crisis, enlisting the support and participation of departments and other agencies at short notice, fashioning and publicly explaining its approach as events unfolded. In approaching any future commitment, all participants, the public and foreign governments should have regard to a common frame of reference for nation-building. This framework would acknowledge current international practice in the field, tempering it with Australia's own experience and regional requirements. It would comprise the 'whole-of-government campaign plan template, which would provide all relevant agencies' perspectives on identifying what success looks like, what the end state should be, and provide information on how each agency can contribute'.⁸⁹

A comprehensive approach

To this end, an Australian way of nation-building would be based on a comprehensive model of intervention comprising the following elements, as shown in Figure 2:

Figure 2
Australia's Nation-Building Framework



- *Security*: Restoring and maintaining security is the *sine qua non* requirement for nation-building. It provides a basic level of human security to the local population, while permitting the other elements to be developed and delivered over time. In situations where armed conflict is occurring, or in its wake, it is very likely that the ADF's forceful capabilities would be employed to deter and prevent further violence in the short term. As the situation gradually stabilises, the primacy of civilian policing would return, facilitated by the Australian Federal Police (AFP)'s International Deployment Group (IDG). The IDG would act in a variety of roles: executive policing, in-line, advisory and capacity development of indigenous police and the wider justice sector. At such times, the ADF would provide a range of enabling support to assist with IDG deployments and sustainment, as well as providing an 'overwatch', security-response capability should it be needed. It is highly likely that both the ADF and IDG would be called on to ensure the safety and security of Australian civilians working within the nation-building mission. Mission leadership will carefully monitor the security situation to ascertain the earliest time that the subsequent elements of the operation, for example humanitarian assistance and essential services, can be commenced while the security situation is further consolidated.
- *Humanitarian assistance*: With a secure environment established—at least at a local level, if not more widely—humanitarian assistance and disaster relief could occur. Australia's response would be led by AusAID, as is currently the case. Again it is very likely that the ADF would be called upon to contribute in the very early stages, due to its ability to deploy quickly with critical equipment, supplies and personnel. It would also provide road transport, engineering, health and aviation support to the ongoing relief effort, and be in a position to provide any residual effort to other agencies being coordinated by AusAID. This would require AusAID staff to become more familiar with the range of capabilities offered by the ADF, as well as the ways for communicating and working with its force elements.
- *Delivery of essential services*: This element distinguishes an Australian way of nation-building. It would see Australia making a deep commitment to the ongoing prosperity of a recipient country and its people by making its own citizens available to assist in the development and delivery of essential services. Basic infrastructure such as supplying clean drinking water, power generation and reticulation, and environmentally appropriate sanitation and waste disposal would be the first priority, closely followed by socio-economic infrastructure. Roads, hospitals, housing, ports and airfields could also be developed and funds sought with the close partnership of local authorities with Australian specialists. The ADF would initially have a role in surveying and restoring basic infrastructure, especially in a problematic security situation. In turn, the ADF would coordinate with NGOs and local authorities to ensure its efforts were consistent with existing approaches and initiatives. This would require a level of understanding and confidence to be built up between military and civilian agencies to ensure a consistent and mutually supporting approach at the local level.
- *Institutional capacity-building*: An Australian way of nation-building would share a common approach to that of Australia's new approach to ODA. Informed and guided by AusAID's country approach, the emphasis would be on capacity development of key personnel within government agencies to improve the scope and strength of the recipient country's institutions. Amitai Etzioni's prescription to work initially with whomever is in charge argues the case for co-opting existing institutional structures. It is

also mirrored in Australia's efforts in RAMSI and ECP to work in line with government departments, rather than setting up new agencies. A nation-building approach would see this philosophy proliferate to the provinces, where Australian specialists (both military and civilian) would live and work closely with their indigenous colleagues to improve the supply of basic public goods. A nation-building approach would see capacity-building being undertaken on a sectoral basis, for example security sector reform involving military, police and investigations, or throughout the related judicial sector. A hands-on practical style would characterise Australia's approach, with indigenous staff being given the opportunity to learn both technical and leadership skills.

- *Socio-economic development:* Australia's priority and sponsorship of the better delivery of infrastructure and higher order public goods would provide significant employment and skills development opportunities for local people. This in turn would provide a good basis and important new impetus for the renewed socio-economic development of the recipient country. An Australian way of nation-building would address the formal sector economy by placing its specialists in in-line or advisory roles in government departments, regional authorities and other organisations. Australia's approach would also support the development of the informal economy to allow individuals and families to build their businesses. This element provides the greatest opportunity for Australian industry to participate in nation-building, whether through corporate philanthropy, but also cooperative ventures with local organisations.
- *Democratic government:* The summative, and longest term, element of nation-building is the promotion of democratic government in the host country. Australia's policy should acknowledge that democracy cannot be imposed effectively, or be expected to work in the short term. Many countries that Australia has worked with, or may work in, have no enduring experience of pluralistic, liberal democratic forms of government that the developed nations appear to take for granted. Australia might work 'initially with whomever is in power',⁹⁰ despite their lack of democratic credentials. It will be important for Australia to work closely with the nation to help it adopt the most appropriate model of democracy—in order to provide stability, continuity, representation, coherence and accountability at all levels of government throughout the nation. A stable and functioning democracy will be underpinned by the rule of law provided by sound legislation, effective law enforcement, an independent judiciary, and a fair corrections system. It will be further strengthened by strong and effective institutions that contain foreign personnel who are valued for their ability to coach, guide and support their indigenous counterparts over a sustained period. Governments will oversee the delivery of the essential services and infrastructure demanded by their populations throughout the country through the efforts of industry and the not-for-profit sector. In turn, this factor will help stimulate economic development at the local level by providing the population with employment and small business opportunities, their basic needs and access to markets having been markedly improved.

A deliberate approach to planning

With a comprehensive framework in place, an Australian way of nation-building will also feature a deliberate approach to planning and preparation. As RAND has found, a planning focus is key to overcoming basic differences of approach by the various participating agencies, military and civilian. These differences have been rooted in the individual organisational cultures that have sought either a deterministic, constructive, systems

approach, or a responsive, evidence-driven, decentralised model of intervention. They have also been caused by wariness, and indeed in some cases antipathy, when it comes to cooperation and working collaboratively. Militaries manifestly postured to fight and win wars naturally engender questions among civilian agencies as to their ability to participate in the wider aspects of nation-building, other than maintaining peace and security.

Part 4 of this paper has described the different philosophies and methods that participating agencies employ to prepare for events and crises. The reality is that a planning focus and common lexicon is absolutely vital in getting these agencies 'onto the same page'. All participants will need to be comfortable with the adage that the process of planning is more important than the actual plan.

To this end, inter-agency planning should occur around a common planning tool and lexicon. The planning tool would first need to consider the prevailing circumstances (security, humanitarian, political, economic, for example) in the recipient country. It should then distil from this consideration the aims and objectives of any intervention, as well as Australian and regional political intent. It would then go on to develop, assess and evaluate alternatives for a cooperative, comprehensive, long-term commitment. The ADF's Joint Military Appreciation Process⁹¹ provides a best practice planning tool that could easily be adapted for application in an inter-agency field. Alternatively, an approach that manages risks could form the basis of a less militarised tool, if that were more amenable to civilian agencies and NGOs. The applicable Australian/New Zealand Standard⁹² could be adapted for this purpose. The United Nation's Integrated Mission Planning Process may also be useful to examine, as it provides an 'inclusive framework to engage external partners' to 'arrive at a common understanding of strategic objectives' in planning for new missions and reviewing existing ones.⁹³

The product of this planning process would be a specific *Nation-building plan*, along the lines of PDD56's pol-mil plan,⁹⁴ that:

- explains the aims and objectives to be achieved;
- expresses a broad concept for the delivery of a tailored comprehensive approach over time and space;
- assigns responsibilities among government departments and agencies for leadership, coordination, contribution and support;
- details how the plan will be coordinated, including the setting of priorities, progress milestones and performance benchmarks;
- describes how the plan will be administratively, logistically and financially supported;
- details the communications strategy—at home, at the appropriate levels in the recipient country, as well as internationally; and
- describes how the implementation of the plan will be monitored, reviewed and assessed.

A common inter-agency planning focus is of most value as it can inform preparations for the complex task of nation-building, as well as guiding the long-term commitment that is necessary once a decision to intervene has been made. Flexibility, responsiveness, resilience and sustainability all flow from a directed, appropriate planning process. Good planning leaves room for innovation and local adaptation, and builds a framework for eliciting and confirming the participation of many agencies at different levels of the endeavour.

3. *Make a whole-of-government commitment*

As this paper has shown, the world's most developed and powerful nations have been reticent to become involved in long-term nation-building. Rather than continuing to be a victim of circumstance, the Australian Government and its departments and agencies would actively structure, prepare and plan for nation-building commitments. For the three pre-eminent Departments—Prime Minister and Cabinet (DPMC), Foreign Affairs and Trade (DFAT) (which includes AusAID), and Defence—this would mean affirming nation-building as core business.

DPMC would need to agree, authorise and promulgate these policy provisions across government, as well as to the states, national industry, the not-for-profit sector and the public generally. Already in a process of expansion, DPMC would need to develop its ability to initiate and lead across government and garner national participation more widely.

Within the foreign affairs space, AusAID's role in delivering a new, devolved approach to ODA is already in place. AusAID would retain its lead role in responding to natural disasters and humanitarian emergencies overseas. DFAT, however, would be called upon to play a much more significant role under this policy. DFAT would augment its traditional diplomatic output with a new responsibility for planning and coordinating the whole-of-government nation-building effort on behalf of DPMC. This would entail a significant increase in DFAT staffing levels, in Australia, as well as in country. This paper estimates that 100 new positions would be required in Canberra, as well as throughout the region, in order to deliver this new capability. It would also entail a fundamental cultural change for DFAT, placing it as lead agency under DPMC for all activities, save disaster relief.

Within Defence, the Army is already well on the way to institutionalising nation-building as a core business alongside warfighting. It accepts its responsibility to lead, at least initially, in the provision of security, capacity-building, essential services and public information with a recipient country. Defence would align the rest of the ADF and the wider Department to reflect the Army's approach by producing a 'Joint Operating Concept for Stability and Reconstruction'. Defence would undertake a greater range of exercises and activities to familiarise its personnel with the culture and climate of the region, as well to build confidence with the region's military forces. It would prepare and train its specialists, whether regular, reserve or civilians, to play in-line and advisory roles in helping recipient countries improve their infrastructure, health, education, law and order, payroll, and economy. This measure would also entail a fundamental cultural shift for Defence, where its personnel would work across government and throughout the recipient country as its 'military diplomats', and not be confined to just improving the security sector.

There would also be active preparations by other government departments. The AFP has created the IDG with 1200 personnel for this reason. Other government departments have created Pacific desks to monitor policy settings.

Key departments that will continue and expand this approach include:

- The Treasury, as well as the Department of Finance and Deregulation;
- the Department of Health and Ageing;
- the Department of Education, Employment and Workplace Relations;
- Families, Housing, Community Service and Indigenous Affairs;

- the Department of Immigration and Citizenship;
- Infrastructure, Transport, Regional Development and Local Government; and
- Innovation, Industry, Science and Research.

These departments would draft or adapt region-specific policy and procedures, create small, dedicated staffing cells to monitor nation-building efforts, and establish a pool of personnel ready and willing to deploy at short notice. This paper estimates that 50 additional positions would be required across government for this purpose. As a separate measure, these departments would also undertake a structured series of personnel exchanges, seconding a mix of junior and senior staff to work for six months in the departments of recipient countries. In exchange, they would accept overseas government officials who would be able to witness first hand the structure and workings of Australia's institutions and benefit from mentoring and skills development. These exchanges and placements would be a natural extension of the recently instituted labour mobility program.

4. *Inspire whole-of-nation participation*

Australia's way of nation-building cannot work without the active support and participation of its own people and organisations outside government. The significant levels of interest and commitment that already exist within the community with regard to the welfare and development of neighbouring countries and their people should be harnessed. Australian business, NGOs, churches and other charities, as well as community and sporting organisations should be given additional opportunities to contribute to Australia's nation-building efforts.

Given the region's overwhelming need for public goods and essential services, and its increasing inability to fund them in the face of burgeoning populations, Australian industry has a large part to play. ODA funds will almost always end up strengthening the public sector, so private finance from commercial ventures and corporate philanthropy is needed to stimulate a partner's country's private sector. Roland Rich has proposed encouraging industry to enter the capacity-building field through the taxation system.⁹⁵ Hayward Jones' proposal to deploy the potential of public private partnerships (PPPs)⁹⁶ should also be explored. Australian industry investment in building economic infrastructure—roads, bridges, information architecture, commercial services and the like—could proceed in the short to medium term. Employment and skills transfer would follow, as would a rise in the standard of living locally and more widely. These benefits would occur due to additional taxation revenues generated for governments by a productive, growing industrial sector, as well as the local arrangements that these industries may make with local villagers, as mining companies have done so in PNG. PPPs are funded up front by investment banks, and need a high level of securitisation. As Hayward-Jones has pointed out, Australia could provide this security with its AAA credit rating by acting as the public partner for these loans.⁹⁷ This arrangement would be consistent with Australia's acknowledgement of its responsibilities under its way of nation-building, not to mention the mutual obligations of the Pacific Partnerships for Development. As for the recipient nations, Australia would work with them and international organisations to create a sustainable repayment schedule.

The not-for-profit sector, already busy in the region, can also be supported better from the Australian end. Many traditional charities in Australia have made (or are making) the transition to service provision of health care, housing, employment services and aged care to the wider Australian community. A number of these charities, whether church based or

philanthropic organisations, have a long association and experience with the region, and could be encouraged to expand their new service provision capability in recipient countries. The community support that they routinely harness might be a valuable source of personnel and expertise to help implement a local and provincial implementation of an Australian way of nation-building as described at policy formulation no. 5 below.

A whole-of-nation approach would also see Australians and the people of the region coming closer together through a shared love of sport. An Australian way of nation-building would encourage its sporting teams—whether top-flight football teams or community based clubs—to tour, recruit and market their product throughout the region. Australian teams should be prepared to accept overseas players in youth development or on secondment. A whole-of-nation approach would also promote foreign teams—rugby, rugby league, netball or hockey for example—not only touring Australia, but also participating in local and national competitions. The recent success of the Auckland Warriors in the National Rugby League competition provides a model that could be extended to the football, Australian Rules and netball codes. Apart from team sports, Australia could promote closer person-to-person ties through support for recreational expeditions such as hiking, canoeing, diving and the like. Crucially for the Australian Army, it could review its limitation on overseas adventurous training so that a wider range of its personnel could experience the people, customs and physical environment of Australia's near neighbours.

5. *Implement the policy in the villages and provinces*

Complementing ODA's focus on capacity-building at national level institutions, Australia's way of nation-building would manifest itself at the village or local level, as well as the provincial or regional level.

• Village Assistance Teams

Drawing upon its experience of peace monitoring in Bougainville, Australia would work with host governments to place multi-disciplinary teams within villages to work with local people. Along the lines of Bob Breen's⁹⁸ 'Neighbourhood Development Teams', Village Assistance Teams (VATs) would:

- witness the nature of village life—personal security, access to essential services, and quality of life;
- survey villagers' needs for public goods such as law and order, essential services and infrastructure, health, education, financial services, employment, private enterprise and social insurance; and
- help villagers communicate their needs to a range of government and NGOs for consideration and subsequent action.

Each team would number about 25 personnel and would comprise a mixture of administrators and technical specialists, drawn from government, industry, NGO or volunteer sectors. Specialists would come from the social administration, engineering, health, economics/finance and police/justice sectors. Crucially, the team would comprise not only Australians; it would be regionally representative. Each team would be based in a particular village and be given responsibility for a number of villages in a district, and the requisite mobility and communications to move around between them. As life for the

VATs would be arduous (especially for the volunteers), a six-month tour would be appropriate in the circumstances.

At their core, VATs would live alongside villagers to interact and learn about their way of life and their needs. VATs would not come with any project or program funding, but rather would work to understand how existing agencies could be utilised. They would do this by undertaking requirement studies with local villagers, highlighting shortfalls and additional needs to governments, and drafting development proposals. As helpful partners, the VATs would play a crucial role in improving local peoples' demand for better governance. This would be done through gradual education in public rights and responsibilities, communication skills, leadership and advocacy, negotiation, and monitoring.

In order to be effective, VATs would need to gain the trust of the people and their leaders. Early progress and quick wins will be vital in establishing bona fides, as will be a communications strategy explaining the scope of VAT activities. As rumours and mistruths are transmitted very quickly by word of mouth in the Pacific, an extensive, multi-media campaign will need to prepare the way for the VATs and remain available to support their ongoing operations. VATs would need to build trust and confidence through high standards of personal behaviour, impartiality, cultural awareness and willingness to participate in village life.

VATs will certainly operate in areas of risk—political as well as physical. VATs will need to appreciate that their presence and activity may indirectly threaten local vested interests. Local prominent men may resent the light that the VATs would shed on any discriminatory, corrupt, intimidatory, and criminal practices they had witnessed. The same individuals may perceive the VATs as arriving to disrupt and even destroy their power base. In time, this may well be the higher aim of the host nation, but it will be important for the VAT initially to work with those in charge in order to raise the level of awareness and gain the support of the population.

In terms of physical security, VATs will need to take precautions to counter politically motivated violence directed against them. Random acts of violence will also be prevalent. The VATs will be unarmed, and will rely on a combination of good local relationships, intelligence, safety procedures, communications and local response in order to operate in this environment. For this reason, VATs should include a military or police officer to coordinate security for the group, and take advantage of the natural authority lent by a uniformed presence and posture. Guaranteeing the safety and security of deployed civilians will be *sine qua non* of the VAT concept, and many active and passive measures will need to be put in place to achieve it.

- **Provincial Reconstruction Teams**

Complementing a village level presence, an Australian way of nation-building would also manifest itself at the provincial level within the host country. Multidisciplinary Provincial Reconstruction Teams (PRTs) would assist provincial governments and regional agencies to deliver services and build their own capacity.

The first way PRTs would operate is by placing Australian experts within government departments in 'in-line' positions. In a similar way to the finance, administrative and justice members of RAMSI's civilian development program, PRT specialists would work

inside government departments to develop appropriate policies, processes and oversight with the local executive staff. They would also teach and mentor their national counterparts over an extended period of time. Design choices would include deploying personnel in either a sector-wide approach or across a series of sectors.

The second way is for PRTs to deliver a function or service for the province, where the machinery of government has broken down. PRTs would be established along thematic lines:

- *Security:* In a similar way to RAMSI's PPF, a PRT could restore law and order, and later work with indigenous security forces to develop their capacity over time. It could also help develop the justice sector. Or, like RAMSI's combined military task force, a PRT could provide enabling security and logistic support for indigenous security forces doing the close-in work. In this way, a PRT could assist PNG security forces undertake a future SPO in the highlands provinces.
- *Health:* Alternatively, a PRT might focus on other outcomes. Using the Australian's Army's decade of experience in working in Aboriginal and Torres Strait Islander communities with the Army Aboriginal Community Assistance Program (AACAP),⁹⁹ a PRT might concentrate on improving environmental health. Housing, essential service infrastructure, preventive medicine, and education on healthy living could be delivered or coordinated by civil–military PRTs comprising engineers, builders, health workers and educationalists. A focus on primary health could see a PRT comprising doctors, nurses, dentists and other health workers undertaking health checks and surgical interventions throughout the province.
- *Infrastructure development:* Again using the Australian Army's experience in regional development in PNG, a PRT could work with provincial works officers on major infrastructure projects. PRT engineers, logistics experts and administrators would work with their national counterparts to develop their professional, contractual, administrative, accounting and leadership skills. The PRT would also help coordinate gaining project funding from government, donors and other agencies, and assist in delivering fit-for-purpose infrastructure in a timely fashion throughout the province.

The PRTs would represent a significant and ongoing commitment by Australia to the regional level. Their existence and operation would be consistent with AusAID's 2010 blueprint, which envisages Australian staff working jointly with government, and collaborating with a range of international agencies and NGOs on the ground. Some PRTs could deploy and operate on a seasonal or project basis, while others could establish a more permanent presence within the nominated province. In a mature state, members of these PRTs should be able to be accompanied by their families to engender stability, demonstrate commitment and provide additional local economic opportunities.

At least initially, PRTs would likely depend on military support for security, mobility and logistics. The ADF has proven its ability to provide and maintain this support throughout RAMSI, AACAP and the Northern Territory National Emergency Response. With nation-building accepted as core military business, the military could appropriately train and prepare forces for these missions. Important benefits would flow back to the military also, including valuable experience in technical aspects of their profession, local languages and customs, remote living, health and security as well as job satisfaction. Moreover, as

RAMSI has demonstrated, these missions can also be successfully undertaken by reserve forces should regular forces be required for other contingencies.

6. Institutionalise the policy

Institutionalising Australia's new nation-building policy will require a significant commitment. The policy will need to be the subject of familiarisation, education, training and socialisation for a wide range of people throughout the nation. Similarly, Australia's neighbours should have the opportunity to learn about Australia's policy. The Rudd Labor Government has taken an important step in achieving this institutionalisation with the opening of the Asia Pacific Civil-Military Centre of Excellence (APCM CoE) on 27 November 2008. APCM CoE 'will harness Government agencies in developing practical contributions to stabilisation, reconstruction and peace-keeping operations. It will also provide an excellent outreach capability to non-government and international organisations. ... The Centre ... will be comprised of Government officials from those departments and agencies that play a central role in Australia's international engagement and deployments.'¹⁰⁰ Aside from assisting DPMC to develop policy and coordinate national agencies, the Centre's main effort will be analysing lessons learnt and delivering a range of short training courses appropriate to teaching and socialising policy, common tools and techniques, and lessons to a variety of Australian government and NGO practitioners.¹⁰¹

In time, the APCM CoE's remit and reach should be expanded to accommodate Australia's way of nation-building. In a mature state, its courses and activities would prepare Australians—whether they be in government, industry or NGOs, or be volunteers—for foreign deployments and service. It would provide training in personal security, cultural awareness, adult education and development assistance principles,¹⁰² thereby complementing the more integrative courses on civil–military cooperation. In addition, a mature Centre would be open to foreign students to attend its courses and participate in its research activities. Valuable dialogue and socialisation would be possible, and it would become an important venue for international engagement. In this way, an Australian way of nation-building could be taught and discussed in a way that fostered a deep understanding and developing confidence on the part of our neighbours' key officials. In time, the APCM CoE would resume some of the heritage and role of the renowned Australian School of Pacific Administration that trained Australians for foreign service roles from 1947 to 1973.¹⁰³

A further measure is needed: to educate and prepare Australia's most senior bureaucrats on this whole-of-government, whole-of-nation policy. Defence's Centre for Defence and Strategic Studies (CDSS) currently offers a 12-month residential course in international relations and joint military operations to 50 ADF and foreign officers being prepared for senior leadership roles. A small number of places is currently available to public servants in Defence and DFAT. The CDSS should be transformed to become the Australian Government's pre-eminent centre of learning for a much wider range of senior government officials. Policy-makers, diplomats, military officers, NGOs and perhaps industry personnel would sit down together to learn how their agencies can contribute and collaborate in an Australian way of nation-building. An expanded CDSS would also help professionalise Australia's foreign service and foster a common understanding and trust between its government departments. In this way, the CDSS could further such a policy by usefully combining the functions of the US-based National Defense University and the Foreign Service Institute's George P. Shultz National Foreign Affairs Training Center.¹⁰⁴

7. Coordinate the policy regionally and internationally

Nation-building must occur within institutional frameworks and consultative forums. International studies, and indeed this paper, have examined the characteristics and outcomes of UN- and US-led interventions, and drawn conclusions about the merits of multilateral versus lead-nation frameworks, peacekeeping and peace building operations. Related concepts that spring from this requirement are legitimacy, responsiveness, transition, troop and donor contribution, sustainability, burden-sharing, and regional participation. Australia's experience with RAMSI has again emphasised the importance of undertaking nation-building with the active participation of neighbouring countries.¹⁰⁵

Australia's way of nation-building would not normally be a bilateral initiative, but one undertaken in partnership with 'like-minded' nations at the request of a recipient nation. It should be consistent with regional approaches such as the Pacific Plan, and acknowledge the efforts of multilateral organisations such as the PIF and the MSG. It should seek and secure the active participation of neighbouring countries in any overseas mission. In this aspect, it will be vital to give these partner nations the prominence, access and influence that they deserve in these missions. As Part 3 noted, Australia should actively engage with China so the countries' combined efforts could be coordinated with respect to their purpose, delivery method, scheduling and sustainability. It is further recommended that Australia's and China's ministers for defence, foreign affairs, trade and international development meet annually to discuss and coordinate their approaches to the Pacific.¹⁰⁶

Ideally, any Australian-led undertaking would benefit from the authority of a UNSC resolution, but it is acknowledged that this may not always be possible. At the very least, Australia must secure regional legitimacy for its mission, as countenanced under Chapter XIII of the UN Charter. Policy recommendation no. 2 proposed a comprehensive and deliberate approach to nation-building. In an international sense, this approach needs to be reconciled with international frameworks, the most applicable of these being the United Nation's Millennium Development Goals. Widespread adoption of these goals among Australia's civil, military, government and non-government organisations is needed as the basis for any nation-building undertaking. It will also ensure Australia's efforts are consistent with, and recognised by, the international community.

Australia's way of nation-building must also complement AusAID's new approach in the region as contained in the 2006 White Paper and its more recent 2010 blueprint.¹⁰⁷ AusAID's major recent initiative has been to create Pacific Partnerships for Development under the Rudd Government.¹⁰⁸ With two agreements signed with PNG and Samoa, these partnerships would require Pacific countries to meet agreed goals and objectives in return for aid. These partnerships appear highly consistent with the aims and methods of an Australian way of nation-building, and will be used to further this policy. At a country level, AusAID is currently adopting a decentralised, inter-agency approach to aid delivery. Head office in Canberra will be responsible for policy setting, program design and support services, while newly empowered country offices will be directly responsible for implementation. Eschewing a previous reliance on Australia-based managing contractors, AusAID country offices will work with host-nation government departments, international organisations, and NGOs to jointly deliver a range of programs and projects. This will see AusAID offices being located away from chanceries in publicly accessible sites, preferably co-located with these other agencies. Again, AusAID's new ODA approach will significantly enable this nation-building policy's focus on provincial implementation and promotion of private enterprise.

8. Resource the policy

The more conceptual elements of an Australian way of nation-building could be quickly and easily resourced from existing allocations and programs. Separately, Defence, AusAID and the Attorney General's Department are already well on the way to bringing their policy and doctrine up-to-date. In the inter-agency area, DPMC will need to bring the respective departments together to further develop whole-of-government and whole-of-nation arrangements. The newly established APCM CoE will likely play a key role in this policy development work for DPMC over the next few years.

Major policy elements that would require *additional* resourcing as New Policy Proposals (with regard to recommendations 3, 5 and 6 on pages 32, 34 and 37 respectively) include:

- **3. Make a whole-of-government commitment**
 - *Additional DFAT staff*: Provide salaries for 100 additional DFAT staff, plus allowances and accommodation for those deployed overseas; and
 - *Deployable civilians*: Provide salaries for 50 additional deployable civilian staff distributed around other government departments.

- **5. Implement the policy in the villages and provinces**
 - *VATs*: Resourcing the VATs requires the largest investment of personnel. Ultimately, Australia may be supporting between 10 and 20 VATs, each comprising some 25 personnel. Costs would be defrayed if VAT personnel retained their government or employer salary for the duration of their secondment. Allowances, movement and living arrangements would need separate funding however.
 - *PRTs*: Civilian salaries and allowances could be funded through DFAT and other government department growth described above. Military salaries and other costs could be absorbed by Defence posting its staff overseas and directing the activities of its units on exercises and other activities. Provincial funding available under AusAID's new devolved approach to ODA could also be used where applicable.
 - *Programs, projects and initiatives*: All these activities would require dedicated funding. This could come from existing or new ODA allocations. Alternatively, the newly-established Pacific Region Infrastructure Facility (PRIF) could be utilised and expanded. PRIF is jointly funded by Australia, New Zealand, the World Bank and the Asian Development Bank 'to assist Pacific Island Countries to develop and maintain critical economic and other infrastructure'. The PRIF will provide

up to AUD 200 million funding over four years, initially focused on Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Improvements to the quality, reliability and availability of infrastructure in both rural and urban areas are crucial for boosting economic growth, creating jobs and providing access to basic services such as health and education. The Facility will help develop competitive local private sectors to deliver infrastructure maintenance and construction services. This will contribute to both job creation and sustainable economic growth in the Pacific. Transport infrastructure is expected to be an early priority for assistance. The Facility will assist Pacific Island Countries to improve roads, ports, and transport systems; support reliable energy and communications infrastructure; and improve their water, sanitation and waste management systems.¹⁰⁹

PRIF shows remarkable alignment with the scope and delivery models described in this paper, and appropriate projects could be targeted by the VATs and PRTs for funding.

- **6. Institutionalise the policy**

- Additional staff at both the CDSS and APCM CoE will be required, as will costs to cover course attendance by Australian and foreign students.

CONCLUSION

When launching the Pacific Partnerships scheme, Australian Prime Minister Kevin Rudd stated: "It's in Australia's national interest for us to help build long-term political and economic stability in this neighbourhood."¹¹⁰ The first half of this paper assessed the success of Australia's nation-building in contributing to these elements of regional security. Taking a broad view of the significant challenges facing the region now and into the future, this paper has shown that, although Australia's nation-building thus far has had mixed success, it nevertheless can continue to improve over time to contribute significantly to regional security. Australia's experience in Timor Leste, PNG and the Solomons over the last decade demonstrates a maturing and necessary understanding of the region, its security challenges, and how Australia can assist to best advantage. Each of its nation-building endeavours featured a rapid restoration of local security, with varying degrees of success in strengthening the institutions of state, democratic government and economic development. However, lasting gains remains to be realised in these higher order elements of statehood.

Nation-building is a complex, long-term and difficult undertaking: it is expensive, difficult to justify both domestically to a public preoccupied with its own national concerns, and overseas to island nations mindful and perhaps resentful of a new Australian colonialism. But if Australia was *not* prepared to cooperatively and proactively intervene, it is unlikely that, alone, the nations of the Pacific could meet the broad range of security challenges that they will face in the future. Neither ODA, nor home-grown interventions will be able to redress the breakdown of law and order prevalent in the region, the poor delivery of public goods in the provinces, illegal traffic in weapons and contraband, and the impending social upheavals associated with urbanisation, diseases such as AIDS and unemployment. Leaving the field would allow China a greater strategic and economic influence in the region—an influence that is unlikely to see a coordinated, effective approach in assisting the nations of the Pacific to meet these security challenges. The Pacific as a region will continue to look to Australia for assistance, and Australia needs to develop new modes of interaction which address the limitations of conventional aid to demonstrate and deliver on Australia's deep commitment the stability and prosperity of the Pacific. Hence the urgent need for a national policy that helps prevent regional crises occurring, as well as responding to them.

The resultant 'Australian way of nation-building' draws on extant international and domestic policy, as well as the lessons from recent endeavours, to formulate eight distinct recommendations to define this new policy approach. In order to build confidence between Australia and the region, not to mention its own government departments and agencies, an explicit policy statement has been drafted. Australia's reticence to express its desire to meaningfully relate to the region should cease, and be replaced with a declaratory statement of intent. This will require a significant commitment and contribution from across government and, more broadly, the national life of private industry and the not-for-profit sector. Australia's way of nation-building would see:

- young Australians volunteering or being seconded to work overseas in the villages and provinces to help local people demand and win better service delivery and more effective government;
- Australian industry and the not-for-profit sector working to promote private enterprise in the formal and informal sectors of overseas economies; and

- Australia's government agencies collaborating around a comprehensive idea and a single planning tool in order to plan how each can contribute, lead or transition its efforts as part of a coordinated inter-agency approach.

Delivering on Australia's way of nation-building will not come easily to agencies used to their own organisational cultures and *modus operandi*: it will need to be embedded through operational analysis, teaching and socialisation. Exchanges with the people of the Pacific will be part of this process, as will be the opening up of Defence-led institutions such as CDSS and the APCM CoE to senior and middle-level leaders from across government, as well as in time, from the region. Australia's way of nation-building is consistent with the approach of its close cousin ODA, and can operate alongside and utilise many of its existing resources. But significant investment will be required, especially in DFAT, to make nation-building a truly core business for Australia and a coherent, compelling aspect of its foreign and defence policy.

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