
From “Arc of Instability” to “Arc of Responsibility”

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This article argues that, rather than viewing Melanesia as an “arc of instability”, Australia should see it as an “arc of responsibility”. The idea of responsibility makes explicit the central role that Australia seeks in the region, and the idea of the arc reflects Australian perspectives. By its actions, Australia has extended its formal security guarantee to Papua New Guinea to the rest of Melanesia and Timor-Leste. The nature of the guarantee has expanded beyond protecting external security to a range of commitments to maintain the internal stability of these states. In an ad hoc manner, Australia has expanded its role as security guarantor to match its position as the region’s largest aid donor. Yet Australia still has far to go before its understanding of its economic role in the arc matches its security guarantees. And Australia’s leadership ambition does not always get much regional “followship”.

When the term “arc of instability” was being widely used in Australia in the last decade, the leaders of the South Pacific resented the idea intensely. The Islands might be part of a geographic arc—as perceived from Australia—but Island elites hated being lumped together as a single entity: a group of failing countries with a common volatile and insecure identity, limping along together in their collective instability. The “arc of instability” label offended Island polities almost as much as then Foreign Minister Alexander Downer’s memorable 2001 reference to “busted arse countries”.¹ Downer did not actually identify the nations he thought were busted, but the tough love approach the Howard-Downer Government often employed towards the South Pacific gave Island leaders a hint that they were included. “Instability” fell out of favour. Instead, Canberra tried to use “fragile” or “weak”, and some analyses even went so far as to list the membership of the fragile club (the Solomon Islands, Tonga, Kiribati, Vanuatu, Fiji and Nauru).² Again, this did not go down too well with Island leaders.

In a 2007 essay, I tracked the use of the “arc of instability” by Australian leaders and the strategic community.³ As a term, it has deep roots in Australia’s history and psyche, and it was useful—in Canberra—for trying to

¹ Downer’s private reference to “busted arse countries” at an economic forum in Chile soon leaked into the public domain. See Downer’s discussion of the term on AM, ABC Radio, 21 June 2001, <<http://www.abc.net.au/am/stories/s316323.htm>> [Accessed 24 September 2012].

² Box 1: View on the fragility of PICs, Ron Duncan and James Gilling, Chapter 8: Pacific Island Countries, in AusAID, *Companion Volume: Core Group Recommendations Report for a White Paper on Australia’s Aid Program* (Canberra: Commonwealth of Australia, 2005), p. 8.8.

³ See: Graeme Dobell, ‘The Arc of Instability: The History of an Idea’, in Ron Huisken and Meredith Thatcher (eds), *History as Policy: Framing the Debate on the Future of Australia’s Defence Policy* (Canberra: ANU E Press, 2007).

cram a range of diplomatic, economic and geopolitical forces into one phrase. The problem, however, was much more than the way the instability label made Island leaders irate.

The “arc of instability” was descriptive rather than explanatory or analytical; it did not have much utility when you were standing in one of the individual states. In that previous work, I used “Melanesian arc” as much as “arc of instability”. This was less offensive but still omitted one key player from the picture. The “Melanesian arc” or the “arc of instability” only make a sort of collective sense if the regional superpower has a central place in the arc. Thus, in recent years, I have shifted from using the “Melanesian arc” to talk of “Australia’s arc” or “Australia’s arc of responsibility”.

The central idea of Australia’s arc is to make explicit the responsibility that must go with a set of abiding interests. In the first decade of the 21st century, Australia in the South Pacific sought to be the security giver as well as the largest aid donor. In the second decade, Australia is grappling with a broader demand—its complex and sensitive role as the power with greatest responsibility in the region.

Australia’s Arc of Responsibility

Australia’s arc runs from Timor-Leste into the South Pacific, so the membership roll reads: Timor-Leste, Papua New Guinea, Bougainville, Nauru, the Solomon Islands and Vanuatu. The Autonomous Region of Bougainville is part of the arc, whether it eventually votes later this decade to stay in or to leave Papua New Guinea. If this is Australia’s arc of responsibility, then West Papua and Fiji cannot make the list. This is a concept where the relationship with Australia weighs alongside the geography.

Australia’s deeply-rooted strategic denial instincts mean that it always wants to be number one in the region while minimising any significant role for outside powers. This instinct is central to the military garrison duty Australia has performed in Timor-Leste since 1999 and the policing and military security role in the Solomon Islands since 2003.

The idea of Australia’s deep interest or responsibility in the arc is a founding element of the Australian Commonwealth, actually expressed in the Constitution. The Constitution makes no mention of the post of Prime Minister or the function of Cabinet government, but the regional role gets an explicit tick. Section 51 is at the heart of the Constitution, defining the legal powers of the Commonwealth over such areas as trade, currency, defence and communications. Subsection 29 identifies the power over External Affairs. The next clause, subsection 30, goes further and identifies the power over the “relations of the Commonwealth with the islands of the Pacific.”

The Pacific element in the Constitution reflects the way the presence of other powers in the Pacific in the 19th century helped to galvanise the six Australian states to act to make a nation. The traditional inability of the states and the federal government to agree on much at all—still, today, a defining characteristic of the federation—makes the original act of creation even more striking. The first major convention of the states to discuss federation in 1883 was driven by the immediate need to get a common policy to oppose French and German colonisation in the Pacific. That was why New Zealand and Fiji were also at that first Sydney conference.⁴ If you want to know why the Australia federation exists, or why the Australian Army is today transforming itself into a marine force, or why the aid budget looks as it does, the idea of Australia's arc is useful.

Calling it Australia's arc indicates Canberra's ownership through the security role it proclaims in policy and action in the countries of the arc. As in much else, Papua New Guinea is foundational to such a view. Papua New Guinea will always be special for Australia—the central and fundamental Pacific relationship. Papua New Guinea has deep influence on the way Canberra views the rest of the region. Indeed, the way that Australia thinks about Papua New Guinea's security has set standards for the entire arc. The formal security guarantee Australia gives Papua New Guinea has been extended in de facto form to the rest of Melanesia and Timor-Leste.

From the Australian perspective, a range of similar Melanesian-style problems run through a set of diverse countries. Conceptualising them as the Australian arc captures a set of concerns held by Australia. And, importantly, it points to the reality that Australia has given security guarantees—formal or de facto—in a way that confers a certain group membership on the arc.

Australia does not have a defence treaty with Timor-Leste of the sort it has with its former colony Papua New Guinea. But the deployment of Australian troops in Timor-Leste over the past decade is the hardest evidence of the nature and force of this de facto guarantee. Australia's actions in the Solomon Islands are an equal expression of the security promise. Formal declarations of defence doctrine under the Howard Government became quite explicit about the extension of this de facto guarantee to the arc, elevating the Solomon Islands and Vanuatu to the same level as Papua New Guinea, which has a treaty pledge that Canberra reads as meaning that "Australia would be prepared to commit forces to resist external aggression against PNG."⁵

⁴ See: Colin Howard, *Australia's Constitution: What It Means and How It Works*, Revised edition (Ringwood: Penguin Books Victoria, 1985).

⁵ Graeme Dobell, *Australia Finds Home: The Choices and Chances of an Asia Pacific Journey* (Sydney: ABC Books, 2000), p. 117.

The significant point is that Australian actions in the arc have broadened the guarantee to become a promise about maintaining internal stability as well as acting against the more remote threat of external aggression. In the Solomon Islands, particularly, Australia eventually acted to fulfil the promise expressed by the Howard Government's 2000 Defence White Paper:

In the Southwest Pacific, as in Papua New Guinea, our aim is to maintain our position as the key strategic partner. Australia's interests in a stable and secure Southwest Pacific are matched by significant responsibilities as leader and regional power.⁶

The Rudd Government's 2009 Defence White Paper echoed the claim of regional leadership and said the second priority task of the Defence Force, after the defence of Australia from direct attack, is "to contribute to stability and security in the South Pacific and East Timor".⁷

Both sides of Australian politics have embraced the claim to be the region's strategic guarantor. The abiding conundrum is how to make good on the promise and how to get the arc to accept, if not embrace, the role Australia proclaims for itself. The Howard Government's new interventionism (dubbed "cooperative intervention" by Alexander Downer) gave way to the Labor era of "new partnership". Both stances reflect an Australian urge to "do something" to confront problems in neighbouring states.

Canberra can reflect on the experiences and lessons of its most activist period in the arc since leaving Papua New Guinea in 1975—in Bougainville, Timor-Leste and the Solomon Islands. Bougainville involved unarmed peace monitors; Timor-Leste was a military intervention authorised by the United Nations (UN); the Solomon Islands was a police-military regional assistance mission, operating on behalf of the Pacific Islands Forum.

Different problems demanded different responses. At one extreme, in Timor-Leste, Australia led a UN force knowing that it was risking military conflict with Indonesian-backed forces. By contrast, in achieving a ceasefire and a peace deal in Bougainville, Australia had to understand how deeply compromised it was by its former colonial role. Canberra had to stand back as New Zealand showed the nous and the nimbleness to craft a deal between Papua New Guinea and the Bougainville parties; then Australia could step in to pay for it and provide the bulk of the unarmed peacekeepers to make the process work. A common feature of these vastly different cases is how such regional deployments can become long-term, even open-ended. In the absence of casualties, Australia's voters seem quite prepared to support (or ignore) commitments in the arc running over many years.

⁶ Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), p. 43.

⁷ Department of Defence, *Defending Australia in the Asia Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), p. 54.

In a classic bush-carpentry manner, Australia has been learning-by-doing. The actions have been ad hoc responses, often in moments of crisis. But once made, the commitments have been maintained and expanded. Despite the rhetoric of leadership, there was no overarching design. Australia's extended roles in Bougainville, Timor-Leste and the Solomon Islands sometimes had an air of absent-minded amiability rather than great ambition, but the embrace of an Australian regional responsibility has been explicit.

Leadership Needs Followship

The decisive evolution in the role Australia has played in delivering security and some stability to the arc has not been matched in other realms. In diplomacy and the growth of regional institutions, Australia has suffered setbacks. In meeting its economic responsibilities in the South Pacific and Timor-Leste, Australia has stuck to the traditional aid approach. Aid spending has grown strongly but has not always shown the same imagination, energy and sense of urgency devoted to the security challenges. Australia has broadened its security role in the arc; it has not been able to achieve the matching task of enlarging its economic role in line with the aid expansion. Before looking at the economic realm, which is a slow failure of the status quo, consider the challenges to the institutional status quo in the region.

Fiji certainly does not qualify for membership of the Australian arc. Fiji is not the subject of a formal or de facto security guarantee from Australia because of the deep diplomatic divide that separates Canberra and Wellington from the military regime in Suva. That split is starting to have structural impacts on Pacific diplomacy. The diplomatic war with Fiji has inflicted collateral damage on regionalism—especially the definition of region that sees Australia and New Zealand as insiders not outsiders and which defines the Pacific Islands Forum as the preeminent regional institution.

The clawing and mauling between Australia, New Zealand and Fiji has rammed home the foreign relations truth that good intentions and promising policy get blown away when governments are intent on kicking each other. The diplomatic conflict has stalled the two big institution-building efforts centred on the Forum—the Pacific Plan and the regional free trade talks between Australia, New Zealand and the Islands (Pacific Agreement on Closer Economic Relations (PACER) Plus).

Expelling Fiji from the Forum was the toughest call by the regional grouping in its history. The country that was central to creation of the Forum and houses its secretariat has been cast out since 2009. A Forum without Fiji is like ASEAN without Indonesia or Thailand; the Organisation of American States without Brazil or Argentina. What is unthinkable in other regional

organisations can be done in the Forum because of the role of Australia and New Zealand.

Apart from Australia and New Zealand, the Islands are certainly unanimous that Bainimarama's regime is worrying, unpredictable, even appalling. But the Island resolve, much less unanimity, on the amount of diplomatic muscle to be applied to Fiji has been painfully tested. It has been in Fiji's interest to resist Canberra and Wellington at every turn, to weaken the Forum, and to exclude Australia and New Zealand from other regional understandings or undertakings.

Suva's strategy strikes at a central objective of Australian and New Zealand policy—always to have a major role in regional operations and endeavours as an expression of their rights and privileges as nations of the South Pacific. In this effort, the Forum reflects both Australia's instincts and intentions. The softly-softly nature of the Pacific Way usually plays to Canberra's comfort levels. Australia does not get all that it wants from the Forum—but it gets most of what it really wants.

In a sense, Australia and New Zealand get what they pay for. In total, Australia contributes 49 per cent of the Forum Secretariat's \$40 million budget; New Zealand gives 21 per cent.⁸ Add in the European Union, and these three pay 85 per cent of the Forum Secretariat bills. The 2012 review of the Forum Secretariat recommended that Island states should exercise greater "ownership" of the Secretariat:

In theory the governance framework for the Secretariat is simple. In reality it is complex, confusing and full of ambiguity. As a consequence the current arrangements do not deliver clear direction to the organisation.⁹

Such confusion is an inevitable reflection of the tensions that must run through an institution that tries to unite the interests of a group of nations ranging from a rich middle power that occupies a continent down to impoverished island micro states.

For the Islands, the Forum is a mechanism to manage relations with Australia and New Zealand, as well as other big players outside the grouping. For Australia, the Forum is a vehicle not just for regional consensus, but a mechanism to impose and police norms. Examples of this are the creation of the Forum's Pacific Plan, negotiations on the PACER-Plus free trade agreement and, most dramatically, the expulsion of Fiji.

Since being ejected, Fiji has been able to exploit the perennial Pacific irritation at an Australia that often plays the twin roles of big brother and big

⁸ Peter Winder, Tessie Eria Lambourne and Kolone Vaai, 'Review of the Pacific Islands Forum Secretariat—Draft Report', May 2012, p. 8.

⁹ *Ibid.*, p. 11.

blunderer. Suva has sought to expand or create Pacific institutions that exclude Australia and New Zealand. The status of the Melanesian Spearhead Group (MSG) has grown, drawing on Fiji's efforts, financial support from China, and the relatively strong economic performance of the Melanesian quartet (Papua New Guinea, Fiji, the Solomon Islands and Vanuatu).¹⁰ *Islands Business* magazine, based in Suva, editorialised that the MSG has had a "meteoric rise" in recent years, growing "to become a parallel force to be reckoned with in the region, alongside the 16-member Pacific Islands Forum".¹¹

The real innovation by Fiji has been to foster the role at the UN of the Pacific Small Islands Developing States group. In September 2011 the Asian caucus at the UN changed its title to become the 'Group of Asia and the Pacific Small Islands Developing States'. Building on the election Fiji's regime has scheduled for 2014, Fiji is setting itself to run for election to one of Asia's rotating seats on the UN Security Council. Fiji will campaign in Asia; Australia, still on its original UN perch in the Western European and Others group, had to run against Finland and Luxembourg in its successful bid for a UN Security Council seat in 2013-14.

An analysis by Richard Herr and Anthony Bergin argued that the emergence of the Pacific Small Islands Developing States group at the UN shows the alienation of Australia and New Zealand from the rest of the membership of the Pacific Islands Forum:

The erosion in Australia's standing in Pacific regional affairs can be seen in rising sub-regionalism and faltering support for Australia's lead on regional initiatives. The islands are displaying an increasingly independent fascination with Asia. They're broadening unconventional diplomatic ties and preferring regional representation at the United Nations that excludes Australia. Thus, the coherence and robustness of the regional system are being tested at a time when it is divided as never before, as regional organisations adapt to a new and diversified security environment.¹²

Australia and New Zealand are reaching out to Fiji, partly in recognition of its steps towards the promised 2014 election. Equally, however, Australia seeks to protect the Forum's preeminent position and its own leadership claims. Jenny Hayward-Jones has judged that Australia's tough love policy towards Fiji has failed, and that instead Suva has been able to develop new partnerships which undermine Australia's influence: "Australia's reputation

¹⁰ New Caledonia is also represented in the Melanesian Spearhead Group (MSG), via the Kanak Party, the FLNKS (*Front de Libération Nationale Kanak et Socialiste*).

¹¹ 'We Say', *Islands Business*, May 2012, p. 7.

¹² Richard Herr and Anthony Bergin, *Our Near Abroad: Australia and Pacific Islands Regionalism* (Canberra: Australian Strategic Policy Institute, 2011), p. 2.

for regional leadership and as a creative middle power on the world stage is at risk of being diminished by the Fiji government's resistance to pressure."¹³

Getting Pacific People into Australia's Pacific Policy

In a small and quiet step, Australia is permanently opening its door for a few Islanders to do seasonal farm work. The Pacific worker pilot scheme was a fizzer—less than half the available Pacific worker spots in Australia were used during the three year test period. But the slow growth of the scheme meant there was little political or bureaucratic pain involved in making it permanent. And so, from July 2012, the Pacific worker program became a new fixture in Australia's dealings with Timor-Leste and the South Pacific.

The initial failure of the Pacific worker scheme followed a familiar script: an Australian response to Pacific pleas eventually produced a scheme, that was packed with good intentions, but which did not quite deliver as advertised. The short answer for the failure of Pacific workers to get seasonal jobs on Australian farms is that foreign backpackers with holiday visas have done the work. The growers fear the risks and red tape of the Pacific scheme. To win, the Islanders have to beat the backpackers on productivity and reliability.¹⁴

The broader significance of the scheme is that for the first time, the South Pacific superpower is doing something specifically for Pacific workers who want to keep living in the Pacific. The Islanders do not have to migrate to get access to the region's economic powerhouse. The shift has been a long time coming, reflecting the limitations of a country that is happy to give aid to the Pacific, but finds it hard to give access to Pacific people.

A decade ago, any temporary right of entry for Pacific workers was a policy untouchable in Canberra. It was unthinkable because Australia had repeatedly bashed such concepts the moment they were proposed. Date the animosity from the moment in the 1969 when John Gorton finally and properly terminated the silly ministerial musings about Papua New Guinea becoming Australia's seventh state. At the same time, Australia was on its journey from having a discriminatory to a non-discriminatory immigration policy.

In abandoning the White Australia policy, the nation went from discriminating against the Islanders (along with much of the rest of the world) to a purist position where it would not or could not discriminate in favour of its own

¹³ Jenny Hayward-Jones, *Policy Overboard: Australia's Increasingly Costly Fiji Drift* (Sydney: Lowy Institute for International Policy, 2011), p. 1.

¹⁴ See: Danielle Hay and Stephen Howes, *Australia's Pacific Seasonal Worker Pilot Scheme: Why Has Take-up Been so Low?* Development Policy Centre, Australian National University, 2012, <http://devpolicy.anu.edu.au/pdf/papers/DP_17_-_Australia%27s_Pacific_Seasonal_Worker_Pilot_Scheme.pdf> [Accessed 24 September 2012].

neighbours. The syndrome was an important element in 1971 when Cabinet discussed the birth of the South Pacific Forum. The Foreign Affairs' Cabinet submission talked about the need for "extreme sensitivity" to ensure only small steps in the Forum's development so that Australia could avoid embarrassment over its migration policy.¹⁵

One of the laws of politics is that no argument is ever finally settled and that is certainly the case with migration and Pacific workers. The 1984 review of overseas aid, the Jackson report, talked of a special migration program for the smallest islands. Thirteen years later, the Simons review of aid returned to what it called the "vexed issue" of migration for islanders.¹⁶ I had plenty of this history to draw on in February 2003 when I got up in a committee room in Parliament House to deliver a paper to the Liberal Party think tank, the Menzies Research Centre.¹⁷

The paper banged away at Australia's amnesia about our dynamic and vigorous Pacific history and what would always be our central role in the region. As a journalist, you get a lot of chances to question and annoy politicians, but actually to lecture them is a rare treat. I went for broke. Australia had to tackle the taboo that had endured for decades—labour mobility from the Islands. This should be seen as an issue of community, of security, or economic policy and aid, not merely a migration issue.

Shortly after that speech, a couple of excellent chaps from Foreign Affairs took me to lunch and gently but firmly told me I was crazy on the Pacific worker idea. The Immigration Department hated it, the Employment Department did not even want to think about it, and Foreign Affairs would not lose a layer of skin arguing for it. Beyond Planet Canberra, there was nobody pushing for special treatment for Pacific workers and the trade unions would actively fight the concept. Had I noticed that Australia prided itself on running a non-discriminatory immigration policy? So why start discriminating for a bunch of Islanders who had no real diplomatic heft and no Australian constituency?

Perhaps, though, I was sniffing the wind while my hosts were merely reciting history. A few months later Australia and the region were off to start the Regional Assistance Mission to the Solomon Islands experiment, and

¹⁵ See: Stuart Doran, *Australia and the origins of the Pacific Islands Forum*, Department of Foreign Affairs and Trade, *Australia in the World: The Foreign Affairs and Trade Files*, No. 1 (Canberra: Commonwealth of Australia, 2004).

¹⁶ *Report of the Committee to Review The Australian Overseas Aid Program [The Jackson Report]* (Canberra: Australian Government Publishing Service, 1984); *One Clear Objective: Poverty Reduction through Sustainable Development: Report of the Committee to Review the Australian Overseas Aid Program [The Simons Report]* (Canberra: Commonwealth of Australia, 1997).

¹⁷ Graeme Dobell, *The South Pacific—Policy Taboos, Popular Amnesia and Political Failure* (Canberra: The Menzies Research Centre, 2003), <http://www.mrcld.org.au/research/australian-security/South_Pacific_Lecture_1.pdf> [Accessed 24 September 2012].

Canberra started to count the billion-dollar bill involved in propping up a near-as-dammit failed state in Melanesia.¹⁸

One of the unsung heroes in the process of change was a Labor MP, Bob Sercombe, who served as the Opposition spokesman for Overseas Aid and Pacific Island Affairs from 2004 to 2007. He took up the Pacific worker idea as part of his thinking on the creation of a Pacific Community. And, most importantly, he got the trade unions on board, winning the backing of then president of the Australian Council of Trade Unions, Sharan Burrow. Unfortunately for the Pacific, Sercombe's work suffered the fate predicted in one of Labor's tougher sayings: No good deed goes unpunished. Thus, Sercombe did not have a chance to implement his ideas when Labor took office in 2007 because he had to vacate his Parliamentary seat to make way for the arrival in Canberra of one of Labor's rising stars. Part of the Sercombe legacy was to inject some fresh thinking into an important part of Australia's Pacific policy.

The emerging debate in Australia had been matched in New Zealand, feeding into the Island understanding of what might be possible. Fairly quickly, the labour mobility/seasonal worker argument moved from the margins onto the formal agenda of the Forum. This is how politics and policy get done. Not so long ago, in Canberra, this was bad policy and bad politics. Slowly it shifted to become a difficult policy option which was politically contested and subject to fresh bureaucratic re-examination. Then the debate began in earnest and new political possibilities emerged. New Zealand acted first and Australia followed.

Making the scheme permanent is one more stride in the effort to get some Pacific people into Australia's Pacific policy, to broaden Australia's understanding of how to meet its responsibilities in its own arc. A full understanding of those responsibilities would mean creating mechanisms to bring Pacific people into Australia through many doors—letting in skilled and unskilled workers as well as students. If Australia is to have a special place in the Pacific then Pacific people must have a place in Australia. Such a perspective would start to enlarge the answer to the recurrent question about Australia's development aid to the Islands: What do we get for the money?

Opening up to Pacific people means moving beyond the simple formula that says aid policy equates to Pacific policy. This is the policy strait jacket that

¹⁸ There has been some academic quibbling about whether the Solomon Islands in 2003 merited the label of failed state or failing state; my short response is that if the Cabinet could not formally convene in Honiara for fear of being held hostage by armed bandits, then the apparatus of the state had been stretched to breaking point. This shapes my response to questions about what benefits have flowed from the expensive, decade-long, intervention experiment. The Regional Assistance Mission to Solomon Islands (RAMSI) certainly has not built all that optimists or critics would demand. RAMSI's achievement was to stop what was in the process of happening—the intervention prevented a state system from collapsing.

has too often confined Canberra since the departure from Papua New Guinea in 1975. The narrow orthodoxy held that Pacific policy was essentially aid policy with a bit of diplomacy sprinkled on top and a defence guarantee held in reserve. The problem with having aid as your main or only policy instrument is that it gets all the blame as well as carrying all the promises: if the Islands are failing, Australian policy is failing and, ergo, aid is failing. The whole-of-government mantra now chanted in Canberra is a repudiation of the old formulation that Pacific policy amounted to aid policy.

The aid money still speaks loudly because Australia provides more than half of the international assistance that goes to the South Pacific. Each year for the past decade, Australia has provided about 53 per cent of the OECD-measured official development assistance in the region.¹⁹ Danielle Cave argues that the size of the aid budget dominates Australia's relationship with the region, making it difficult to move beyond the roles of donor and recipient:

Australian policymakers too often rest on the size of the aid budget. When in the Pacific Islands, aid announcements pepper the media releases of any visiting Minister or Parliamentary Secretary. But this over-reliance on the aid program has stifled Pacific policy in Australia and resulted in a lack of creative policy thinking. We fail to think through and design Pacific policy that builds Australia's goodwill in the region.²⁰

The Pacific worker scheme is a small window onto the economic and political challenge to Australia's sense of what it must do in its arc of responsibility. The Forum Pacific Plan and the free trade agreement that Australia and New Zealand are negotiating with the Islands (PACER Plus) are further elements in defining this challenge, to enlarge what is possible.

The Pacific Plan calls for Islands to cooperate or merge functions in many areas of government and administration. Australia and New Zealand need to offer the Islands incentives to sacrifice sovereignty for greater efficiency and better economic performance. The soft power logic says that the opportunity for closer interaction of Island societies and economies with Australia and New Zealand is the surest means of achieving such change.

The slow progress of PACER Plus since the negotiations were launched in August 2009, shows the difficulty of creating something more than a traditional free trade agreement. Australia says its primary objective is to promote the economic development of the Islands through greater regional trade and economic integration. The tensions with Fiji have been a further complication in meeting Canberra's promise that Australia's only aim is to

¹⁹ Michael Wesley, *The Pacific's Potential: Responding to the Asian Century, Perspectives* (Sydney: The Lowy Institute for International Policy, 2011), p. 3.

²⁰ Danielle Cave, 'Australia's Pacific Strategy', *The Interpreter*, The Lowy Institute for International Policy, 30 August 2012, <[http://www.lowyinterpreter.org/post/2012/08/30/PIF-week-Australias-Pacific-strategy-\(2\).aspx](http://www.lowyinterpreter.org/post/2012/08/30/PIF-week-Australias-Pacific-strategy-(2).aspx)> [Accessed 24 September 2012].

help the Islands, not itself. (When God creates trade negotiators, he gives them a high boredom threshold, strong wills and even stronger bladders—but large helpings of vision or imagination tend to be optional.) The Islands already have duty-free and quota-free access to Australia through the 1981 South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). What is left to negotiate? Goods and services move freely, it is now about people.

If PACER Plus is really going to deliver new opportunities for the Islands then it will be in tackling the taboo of labour mobility. The size of that issue explains the sluggish PACER Plus process, in the same way that the Pacific seasonal worker scheme had such a slow birth.²¹ The central conundrum is about what more Canberra is prepared to give to meet its economic responsibilities to the countries of the Australian arc; and in posing the problem in solely economic terms, Fiji does become part of the arc. The economic realm is the area where Australia can most easily step around its differences with Fiji's regime.

Australia's role as the major aid donor to the Pacific has now been matched by its performance in delivering on its security guarantee to the region. The meaning of the promise to resist outside aggression has been significantly broadened to become a pledge to help maintain internal stability. Both the aid and security pledges are of enduring importance to the countries of the Australian arc. Yet acting as the regional superpower and aid banker is not a role that ever attracts much thanks. The charges of big brother bullying and blundering are as permanent as the geography of the arc.

Australia's sphere of interest is not always its sphere of influence. Certainly, beyond the ability to deploy dollars along with military and police power, Australia is having some trouble achieving its aims in the arc. Australia's interest in the arc is demonstrated by its promise of leadership and aid; the limits of influence are revealed by the difficulty in getting Island states to follow where Australia wants to lead. The offer of leadership always presupposes some ability to motivate followers.

The challenge for Australia is to focus not just on its interests, but on the contests taking place inside the small polities of the South Pacific. To be followed, Australia will have to prove that it is a leader that can listen. And Canberra does not have to listen very hard to look beyond what it delivers in aid and security to the even harder realm of people policy. If Australia is to

²¹ See: Satish Chand, 'Politics: Reality versus Rhetoric on Regionalism', *Islands Business*, <http://www.islandsbusiness.com/islands_business/index_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=19094/overrideSkinName=issueArticle-full.tpl> [Accessed 24 September 2012]; Wesley Morgan, 'PACER Plus: Where to Now for Regional Trade Policy in the Pacific?', *Development Policy Blog*, 25 January 2012, <<http://devpolicy.org/pacer-plus-where-to-now-for-regional-trade-policy-in-the-pacific/>> [Accessed 24 September 2012].

have a special responsibility in its own arc, then the people of that arc must have a role in Australia.

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