The White Paper on Australia and the Asian Century has been compared to the Garnaut Report of the 1990s, on Asian engagement. The Garnaut Report was a creature of its time and political context. Australia has changed and so has Asia. There are key differences in the political and economic circumstances that we face today in comparison with those that confronted Garnaut in the 1990s. These changed circumstances confront policy makers and academics with governance and intellectual challenges. These are:

1. POLITICAL ECONOMY OF MARKET REFORM

   - The Washington Consensus which in a sense framed the Garnaut Report has been challenged in various ways around the region. There is skepticism about some of the elements of the consensus and political challenges in its implementation. Yet there is no doubt that programs of market reform have taken place in the region. But these processes exist alongside, and in conjunction with, earlier statist patterns of development. The development of new hybrid combinations and political tensions, struggles, and conflicts within these combinations defines the emerging Asian Century. I suggest one of the challenges we face today – unlike the limited political economy analysis that prevailed during the period of the Garnaut Report – is understanding the rules, governance regimes, and the elite accommodation that sustain (or not) these neoliberal/statist hybrids. In particular, we need to understand the new patterns of economic and political power arising out of the process of economic integration.

FROM GARNAUT TO THE WHITE PAPER ON AUSTRALIA IN THE ASIAN CENTURY: AN OVERVIEW

Prof. Kanishka Jayasuriya | The University of Adelaide
• This requires us to focus on new elites – particularly in rising Indo-Pacific powers – who have transnational connections and networks but depend on illiberal state structures. In a similar manner, some old elites within statist systems now work within new systems of national and transnational market regulation and governance and jostle to reposition themselves within these regimes. To an extent, not foreseen in the late 1980s, some of these shifts in wealth and power may not coincide with the liberal markets and politics.

• Hence the significant challenge for Australian policy makers is to understand the nature of the relationship between global integration and elite settlements, and wean away from the conclusion that this will inevitably lead to liberal markets or politics.

• Finally, I think we need to understand how these new political economy regimes may or may not be conducive to patterns of inclusive growth. It is clear that inequality is rising in most of the Indo Pacific powers. To what extent will other groups share the benefits of this growth? In the absence of social democratic pathways for inclusive growth (strong labour movements, left parties) what are the possible avenues of inclusive growth in these statist/neoliberal hybrids?

2. FROM PACIFIC TO ASIAN REGIONAL ARCHITECTURES

• Reading the Report today there was great confidence in – if you like – ‘Pacific’ oriented regionalisms. One of the big shifts that we see is the crisis of this Pacific regionalism and broader multilateral projects. Instead, there has been a shift towards more Asian or indeed, Indo Pacific forms of regionalism.

• To the extent that Pacific economic regionalism was a product of a specific economic and political relationship between East Asia, Japan, the US and Australia, the challenge for Australian policy makers – notwithstanding the TPP process – is to track the emergence of new regional architectures. But an even more significant shift in regional governance is towards new mini-lateral forums – which are policy specific and often involve a small number of countries – working on regulatory issues.

• We need to be less wedded to the APEC style multilateralism, and place greater emphasis on the emergence of new modes of regional governance. This form of complex multilateralism will probably define regional governance in this century, and may not have the same multilateral architecture that we implicitly assumed in the last decade of the last century.
3. FROM RULE FOLLOWERS TO RULE SETTERS.

- It is striking that in reading the reports of the late 80s and 90s the assumption seemed to be that Asia would essentially embrace our rules. I think that one of the most significant changes confronting us is that the shift of economic and political power to rising powers in the Indo-Pacific makes these states not just rule followers but rule setters in international governance regimes. The reality is that these new rising powers will attempt to shape emerging rules.

- We have seen the embryonic emergence of these rule setting attempts at the Doha Round and through the G20. I think one of the most significant challenges for Australian policy makers and politicians is to understand the nature of these new processes and their implications for Australian participation in global governance regimes.

IPGRC Research Mission

A primary focus of our research agenda is on political dynamics of governance and institutional innovations in the provision of public goods and regulation especially as it relates to economic and social development in the region.

This will address issues relating to the organisation of markets and politics, and their effectiveness and fairness in addressing complex economic and social problems. It will also include an examination of the transformations of political organisation and authority at various scales – global, national, and regional – which have a bearing on the complex multilevel governance of the delivery of public goods and regulations.

The centre has a particular focus on the global and regional challenges arising from the shifting tectonic plates of economic and political power to the Indo-Pacific region.