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Director's report Professor Hugh Whittaker

The Crafar farms sale has provoked strong reactions and opposing viewpoints from within New Zealand and from overseas. On one hand there is concern about whether consistent criteria are being applied by the Government over the sale of farmland, and whether the criteria are transparent enough. On the other, there has been a backlash from people – of many political persuasions and circumstances – who fear becoming “tenants in their own land”.

This is an important debate, but it needs to be put in the broader context of New Zealand's engagement with the global economy and, in particular, the Asia-Pacific. Debate tends to focus on visible and symbolic issues, while neglecting less visible, but potentially more far-reaching ones.

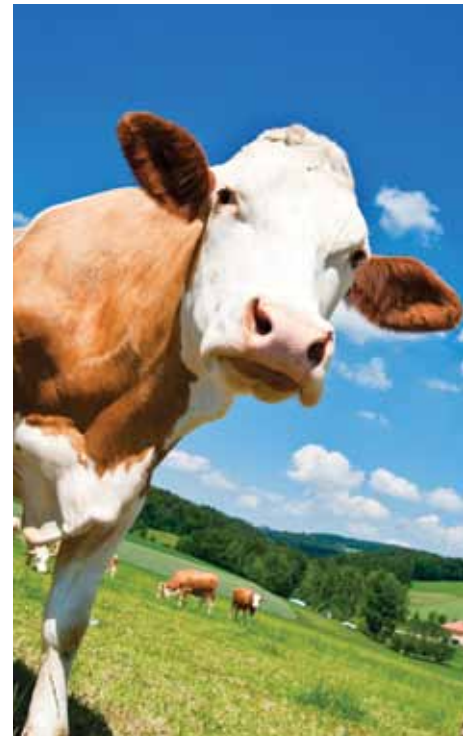
Missing in the debate is the discussion of where New Zealand farms “fit” in global production and trade. Farms are nodes in value chains, which typically end with consumers in other countries (and start with science and technology inputs). The reality of global value chains is that power tends to reside not with the producers, but with those who control other nodes or segments, especially those closer to consumers. In such chains, it is quite possible to produce great food and get a meagre return for it, while others are the main beneficiaries.

In many New Zealand industries this already appears to happen, as we export relatively unprocessed products at a modest price, not knowing what becomes of them or how much others make from them.

One strategy to capture value is to develop our own value chains all the way through to international retailers or consumers, but this is very expensive and often beyond our means or capabilities. Consequently we often need to work with partners in destination countries. Partners may bring us market access, market information and even capital to fund business development and innovation to meet customer demands. But there is a huge difference between mutually beneficial partnerships, and blithely turning over our produce. The former leads to capability enhancement, the latter to increased vulnerability over time, and to price reduction pressures. Many of our small exporters continue to rely on chance encounters or being approached by distributors to develop business overseas, thereby risking falling into the second camp rather than the first.

Inward investment can be mutually beneficial, or exploitative. It is sad that we frequently make little attempt to discern the difference. Nor do we seem bothered by powerful players emerging in the intermediate segments between our farm gates and Asian plates, funded from offshore and potentially owned offshore. Perhaps this is because we are used to being funded from overseas to live beyond our means, which is the macroeconomic explanation for so much net inward investment, or because we have veered towards investor-oriented or finance capitalism, away from producer-oriented capitalism, without being sufficiently aware of the effort needed to succeed in overseas markets.

As someone commented to me recently, many people talk about “global value chains” without knowing what they actually are. This may well include government agencies which, despite acknowledging markets and consumer-led innovation, seem to continue to place their principal focus on funding producer-push science and technology in the mistaken belief that the output will sell itself. Unfortunately it usually doesn't. To create, deliver and capture



value, capabilities need to be built along the value chain, driven by an understanding of the requirements of the market. Capability building is not just a product of genuine partnerships, it is a prerequisite for them as well. Without effort to understand and engage effectively with global value chains, we may well become tenants in our own land faster than we imagine.

On a not entirely unrelated note, I recently had the good fortune to attend a Māori business collaboration *hui* in Wairakei, Taupo, organised by the Poutama Trust, which supports business ventures and economic growth for Māori. Participants visited the impressive Miraka milk plant, and adjacent Tuaropaki geothermal power generation and horticulture enterprise. These enterprises are building the capabilities to create sustainable business, and sustainable partnerships in Asia. We can build these capabilities, and there are good examples of this being done.

Professor Hugh Whittaker
NZAI Director

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Compressed development in emerging Asia

The Asian Financial Crisis of 1997-98 had serious repercussions for the “miracle” economies of East Asia and, in the view of many, undermined the credibility of the “East Asian model” of economic development.

A decade later, the Global Financial Crisis had serious repercussions for many “western” economies and many believed it undermined the orthodoxy of the policies associated with “Washington Consensus” institutions, so Asian economies have once again become the focus of attention and debate.

The history of modern economic development at the national level is characterised by an accelerated process of compression of the conditions and dynamics for growth and development into an increasingly shortening timeframe. This is especially true in the case of successful recent developers with whom sequential development stages seen in early and even late developers have been occurring simultaneously. The “compression” has unsurprisingly produced new policy dilemmas in the realms of education, public health and social cohesion, and threatens new forms of unbalanced growth. At the same time, some of these challenges also confront the now-developed economies of East Asia, as well as industrialised economies in the West, creating an additional impetus for understanding the dynamics of compressed development.

To engage in the academic deliberations on tensions arising at the interface of development and globalisation, the NZAI teamed up with the New Zealand Contemporary China Research Centre at Victoria University of Wellington to organise an international conference,



“Compressed development in emerging Asia”, in December 2011. A Japan Foundation grant enabled the NZAI to bring 25 scholars and policy analysts from New Zealand, Japan, Australia, China, Singapore, the United Kingdom and the United States to speak at the conference.

The speakers looked at development models and dilemmas in Asia, with a focus on the timing of development in Asia. Taking a broad perspective that spanned the economic and social dimensions of development, they argued explicitly that the “late development” path followed by Japan and South Korea was increasingly difficult, if not impassable, for current developers to follow, and that a new path was emerging which engaged in global value chain (GVC) production dynamics rather than nationally bounded manufacturing systems. The participants agreed that developing GVC

engagement could accelerate development, but also create limits and deficiencies in the realms of education, public health and social cohesion, and threaten new forms of unbalanced growth.

In other words, compressed development forced states to address a number of simultaneous challenges, resulting in “policy stretch”. To sketch features of an “adaptive state” suited to navigating the path of compressed development, the speakers elaborated on compressed capitalism and compressed development, changing developmental state in East Asia, opportunities and traps for local industries and enterprises to enter global value chains, and social policy challenges for human development.

The conference papers will be published in an edited volume and a journal special issue.

Some challenges associated with compressed development

Britain began to de-industrialise around two centuries after the beginning of the industrial revolution. In Japan it took about a century. De-industrialisation has now spread to more recent developers such as South Korea and Taiwan, which began to industrialise rapidly in the 1960s, but within three decades were already de-industrialising.

Some have called this “premature de-industrialisation”, but it can also be seen as simultaneous industrialisation and de-industrialisation through the compression of development stages and engagement with new production models. This is important since industrialisation has long been considered a prerequisite for economic development, and it might be a contributing factor to the “middle income trap” which has befallen a number of developing countries in Asia and elsewhere.

The effects of simultaneous industrialisation and de-industrialisation are amplified by a parallel phenomenon: premature societal ageing. The Asian Development Bank has published a number of studies on demography in Asia which found that “a transition in age structure that took the rich countries of the West more than a century is being played out in Asia over just a few decades” (*ADB Outlook* 2011: xvi).

Countries experiencing premature societal ageing risk ageing at low income levels or “going over the hill before getting to the top” (*ADB* 2009: 4). In other words, instead of reaping a “demographic dividend” of young people to power industrialisation, the window for compressed developers has become very small.

A further phenomenon is what the World Health Organisation has called the “double burden of disease”, in which developing countries are forced to deal simultaneously with communicative diseases normally associated with earlier stages of development, and chronic non-communicable diseases normally associated with advanced development. These are serious challenges indeed for countries with limited resources.

See Whittaker, D. H., T. Zhu, T. Sturgeon, M-H Tsai and T. Okita, ‘Compressed Development’, *Studies in Comparative International Development*, Vol.45, No.4, pp.439-67, 2010, and ongoing research.

Japan's regional policy toward Indochina/Mekong

Waseda University Professors Masaya Shiraishi and Michio Yamaoka visited the NZAI in February and March, where Professor Shirashi gave a seminar on Japan's engagement with continental Southeast Asia.

In the seminar he noted that the Indochina peninsula has served as a proving ground for Japanese diplomacy since the San Francisco Peace Treaty officially ended World War II in 1951. For example, the first groups of refugees Japan ever allowed to reach its shores came from Indochina. That engagement with the region eventually led to Tokyo's acceptance of the international refugee law and revision of its own immigration policies.

The Paris Peace Conference for Cambodia, on the other hand, saw post-war Japan re-entering the international community as an equal sovereign entity. Cambodia was also the country where Japan sent its ground forces for the first time after World War II. Vietnam, meanwhile, was the first country with which Japan worked jointly to move its Official Development Assistance (ODA) policy beyond the traditional non-interference framework. Furthermore, when helping finance the Mekong Transport Corridor projects, Japan began to shift its ODA programme from focusing on conventional bilateral aid allocations to concentrating more on multilateral efforts for balanced socio-economic development in the sub-region and the entire ASEAN community. Additionally, in its interactions with the Indochina/Mekong countries, Japan shook off the influence of the



US foreign policy and developed its own regional strategies for the area. It has even been trying to play a bridging role between the United States and Indochinese countries.

Yet, says Professor Shiraishi, there remains a strong tendency for Japan to regard itself as an extra-regional aid-donor and investor in Southeast Asia. The fact that China is an official member of the Greater Mekong Sub-region (GMS) seems to have made it more difficult for Japan to come up with a clear concept or definition of "regional public goods". Thus, while recognising the significant cross-border impact of its ODA along the ADB-initiated pan-Mekong

transport networks, Japan has been supporting only East-West and Southern Economic Corridors in the sub-region, but shying away from north-south passages, which would vertically connect China with continental Southeast Asia.

Japan will likely remain ambivalent about and sensitive towards a rising China in the Mekong sub-region. Yet in Professor Shiraishi's opinion, the Japan-China Policy Dialogue on the Mekong Region, which commenced in 2008, suggests the possibility of the two countries undertaking joint projects on environment conservation, human resource development, and health care improvement. This, however, requires that Japan establish a new vision on regional public goods that accentuates "commonness" and "inclusiveness". With such a vision, Japan may endeavour to take upon itself the challenge of building a regional architecture to help coordinate the thus far competing GMS (continental Southeast Asia + China), Japan-Mekong (continental Southeast Asia + Japan), and US-Lower Mekong (Thailand, Cambodia, Laos and Vietnam) cooperation schemes.

Professor Shiraishi says a more inclusive vision of regionalism will also provide clear policy objectives and efficient tools for the public-private partnerships (PPP) to implement Japan-Mekong cooperation projects.

Asia-Savvy Conference book launched online

The Asia-Savvy Conference eBook has been launched online, bringing together student contributions from five universities around New Zealand as planning gets underway for the 2012 conference.

The 34-page ebook contains a summary of the speeches, essays and findings from the 2011 conference.

This momentum is carrying through to the 2012 conference, with the Asia-Savvy Conference's Facebook page seeing a steady increase of members and positive feedback on the events, seminars and ideas.

A team of six participants is organising this year's conference around the theme, "New Zealand and Asia: Knowledge to Action". They are bringing in three panel sessions to look at identity and culture, New Zealand and Asia resources, and business opportunities.

A panel of experts and students will talk about how "Asia-savviness" can promote inter-cultural understanding in New Zealand, how New

Zealand can make the most of human resources coming from Asia and how entrepreneurs and innovators will shape New Zealand and Asia's future.

A panel of students and young professionals will also share their experiences and ideas as to how the new generation of Asia-savvy students can bring about change.

The 2012 Asia-Savvy Conference is being held at The University of Auckland from 7-8 September. For more information, please visit: www.asia-savvy.com

You can also view the 2011 conference ebook online:

http://ebooks.business.auckland.ac.nz/2011_business_school_asia_savvy_conference



Property rights and the palm oil industry

Chia Wen Fong was a summer intern at the NZAI earlier this year and reports on a research project covering the Malaysian and Indonesian palm oil industry.

"The first stage of the project aims to build a database on land ownership issues relating to the palm oil industry in Malaysia and Indonesia. I started compiling news reports on the industry, searching online editions of local newspapers in both countries in order to map out the approximate locations of palm land ownership disputes and land transfers. One difficulty was that the local press gave the impression of being closely monitored: despite the occurrence of many property rights disputes, few cases were covered extensively.

"Still, the news reports did show that there are many underlying controversies in the palm oil industry. In both Malaysia and Indonesia, there can often be battles relating to property rights, who owns a piece of land and their ownership rights. These battles can complicate palm oil business ventures in both countries. The press articles I collected also suggested a difference between the two countries. Not many property rights disputes in Indonesia were reported to have been legally solved through the court system, while in East Malaysia similar disputes could go through the courts. Indonesian property owners may be less aware of the rightful law proceedings to solve land disputes fairly as compared to Malaysian property owners, or

it may have something to do with courts in Indonesia – cases there tend to take a very long time and outcomes can be unpredictable.

"Due to the complex hierarchical structure of the palm oil industry, with layers of corporate ownership, the transparency of land management is inconsistent. The inconsistency allows certain parties to have gains but raises confusion of land claims at the community level. Almost half of the newspaper reports collected cover palm plantation activities that were carried out without the knowledge of land owners.

"Government programmes such as Native Customary Rights lands have aimed to provide certification and land permits, in an effort to reduce widespread land disputes by clarifying palm land status through legal documentation. However, doubts among property owners about retaining their interest through these programmes lead to personalised property dealings with palm companies which may or may not fulfil their expectations on revenues. In these circumstances, direct action such as riots and confrontations by dissatisfied property owners can create losses for the palm oil firms.

"Overall, the palm oil industry in Malaysia and Indonesia seems subject to a number of



contradictions. These two countries are the largest exporters of palm oil in the world, palm oil is an important economic sector that links producers in these countries with global firms, and the palm oil itself finds its way into numerous household and industrial products. For such a large and globalised industry, the conditions under which the product is made are curiously precarious and lacking in the kind of legal predictability that one expects a major global industry to need."

Growing New Zealand Businesses survey: Internationalisation of food businesses

NZAI Director Professor Hugh Whittaker and Growing New Zealand Businesses survey project managers Benjamin Fath and Antje Fiedler used a presentation at the FoodBowl in February to compare food processing businesses with other manufacturers.

Growing New Zealand businesses (GNZB) draws on the survey responses of nearly 2,000 small to medium enterprises to look at their growth, innovation and internationalisation, and is closely linked to the NZAI's research into how New Zealand businesses engage with Asia.

The FoodBowl is a modern pilot plant that assists in innovation, growth and internationalisation among New Zealand food businesses.

During their seminar, sponsored by Auckland Tourism, Events and Economic Development (ATEED), Hugh, Benjamin and Antje talked about the survey and how it suggests that there are important differences between food and other manufacturing businesses, as well as differences among food businesses themselves.

Generally, more internationalised manufactur-

ing businesses tend to engage in greater levels of innovation, are more research and development-intensive and have more sales in new or significantly improved products than less internationalised businesses. Profit levels, conversely, are lower, suggesting that internationalisation requires significant investment, but this is needed for growth. For food businesses, on the other hand, this trend does not hold. Many of them successfully internationalise in the absence of innovation, suggesting a distinct competitive environment that imposes weaker innovative pressures.

But not all food businesses are alike so the survey found three distinct strategies for food businesses. The "local niche" strategy aims at increasing profitability for well-established products sold in a relatively mature yet small market. Food businesses

employing this strategy largely rely on affinity with their existing customers and undertake only modest (if any) growth, innovation or internationalisation. The "commodity niche" strategy pursues internationalisation with well established – mostly commoditised – products. These businesses focus on a very narrow product range and sell into a limited number of international markets. Interestingly, many of these are in Asia. Finally, the "balanced" strategy aims at creating a balance between established and new products for a variety of international markets. Businesses pursuing this strategy tend to be larger and invest in in-house innovative capabilities.

The survey results were presented at the seminar using visualisation software that will soon be made available online.

Research visit to Indonesia

Professor Hugh Whittaker and Associate Professor Rob Scollay visited Indonesia, Thailand and Vietnam earlier this year as part of their ongoing survey of views in the academic and business communities on agriculture and food trade issues. This report focuses on Indonesia.

Despite huge problems, not the least of which is endemic corruption, Indonesia is clearly well on the way to establishing itself as a regional giant in economic as well as political terms, and the region's economic centre of gravity is bound to shift as a result. Impressive rates of economic growth are being sustained despite the problems, and this is reflected in a middle class that is growing rapidly in size as well as wealth and spending power. At the same time, economic inequality is also increasing rapidly. Vice President Boediono, a widely respected economist himself and supported by a team respected for its competence, is developing policies to address the resulting social issues. These efforts tend to be regarded with suspicion by the business community.

To underpin future economic growth, Indonesia is developing an ambitious Master Plan, based around the creation of growth centres, for example in Sumatra, Sulawesi, Kalimantan and Irian Jaya, linked by connecting communications corridors. The growth centre concept includes the creation of large agricultural estates to boost food self-sufficiency, as well as industrial development.

This concept has been challenged by Indonesian economists and their advisers who argue that greater priority should be given to development of connectivity with the outside world, including through the development of more efficient seaports, in order to link Indonesia more effectively with the dynamic economic developments elsewhere in East Asia. The highest echelons of the government are however committed to the Master Plan, and the business community appears to be comfortable with it. Japan is enthusiastically supporting the growth centre and corridor concept, as well as financing the modernisation of Jakarta's rail infrastructure, in moves widely seen as efforts to counter growing Chinese influence. On the other hand, the decentralisation of administration that has taken place in Indonesia has given considerable power to regional governments, who can frustrate central government initiatives, whether by design or through lack of coordination.

The political process in Indonesia is not conducive to rapid progress in economic reform. Securing support for policy changes is a complex task in a People's Congress that tends to be a minefield of potentially conflicting interests, including religious groups, competing



business interests, and advocates for various regional and social groupings. Reformists face other challenges as well. In 2010 Finance Minister Sri Mulyani Indrawati, a tough-minded reformer with an impressive track record, was forced out of office by a campaign orchestrated by the powerful businessman who heads Indonesia's Chamber of Commerce. More recently Trade Minister Mari Pangestu was summarily shifted from the trade ministry to the tourism ministry, in a move that appears to have been at least partly designed to placate certain protectionist interests in the agricultural sector.

Trade is a sensitive issue in Indonesia. A perceived flood of imports from China resulting from the ASEAN-China Free Trade Agreement (ACFTA) has fuelled an upsurge of anti-trade sentiment, the management of which is seen as a significant challenge for the government. In this climate ratification and implementation of the ASEAN-Australia-New Zealand Free Trade Agreement, which potentially offers major market access gains for New Zealand exporters, has proceeded slowly. Policy toward trade in agricultural products is caught between a politically charged commitment to self-sufficiency in all foods, and the impossibility of achieving this objective in the face of the resource and social constraints on Indonesian agricultural development. Substantially increased reliance on imports of products such as beef and dairy products appear to be inevitable in the longer

term, but in the meantime market access can be and from time to time is arbitrarily curtailed by interventions often designed to placate particular business or social interests.

Despite the difficulties the market is expanding rapidly and business is booming, exemplified by the congested and tumultuous development of Jakarta. While there are New Zealand businesses operating on the ground in Indonesia that are well-placed to benefit from the renewed dynamism of Indonesia, it is striking how few firms from New Zealand have so far reacted to the expanding opportunities by deepening their engagement there. Many appear still content to service the Indonesian market via Singapore-based subsidiaries or distributors, and relatively few have moved to establish a direct presence in Indonesia or to develop a detailed understanding of the preferences and needs of their prospective Indonesian customers. New Zealand business is also not supported by the depth of knowledge and experience that has been built up in Australia through many years of engagement with Indonesia by academics and aid agencies there.

Against this background, the recent mission to Indonesia led by Prime Minister John Key, with the avowed aim of strengthening the trade and economic relationship between Indonesia and New Zealand, came at an opportune time. It will need to be followed up by sustained effort if the potential is to be realised.

Dragons meet Taniwha:

Weaving business relationships between Chinese and Māori

- By Dr Chellie Spiller

Against the backdrop of a region-wide enthusiasm for East Asian integration since the 1997-98 financial crisis, there has been an explosive growth of cross-border popular cultural flows among the countries in this area.

Ten Chinese “Dragons” and ten Māori “Taniwha”¹ met at The University of Auckland Business School in October for a roundtable discussion on growth and partnership opportunities between Chinese and Māori businesses.

The Dragons and Taniwha, all community and business leaders, were invited by Professor Hugh Whittaker from the NZAI and Associate Professor Manuka Henare to identify joint opportunities and treat the space at the centre of the rectangular seating arrangement as a *whāriki*, or woven mat, upon which to place their ideas.

First, however, the weaving of the *whāriki* needed to take place. The *whiri*, the plait that joins all the *whenu* (strands) together, begins the weaving process. Thus, starting the roundtable dialogue was like plaiting the *whiri*, where each participant gave a brief introduction, and cast the threads of their initial thoughts. As the warp and weft of threads were braided during these introductions, an interesting five-themed pattern began to emerge.

The first theme braided considerations of the cultural business opportunity and its characteristics. The importance of shared cultural values was a strong point of intersection. These values included the obligation to care for people and cultural preferences in terms of environmental stewardship such as Māori concerns for how waste is disposed of. Recognition and appreciation of the past was noted as a treasured precept in both cultures. Cultural business exchanges were identified as an important way to help strengthen relationships. For example, a recent trip to China by the Patea Māori club, and a Government delegation led by Dr Pita Sharples, appeared to have generated great interest and reinforced a “Māori” way of doing business. Both Dragon and Taniwha agreed there was much to learn about each other’s culture and investing more time in connecting together was needed to deepen mutual understanding.

Closely entwined with the business opportunity and characteristics was another theme that explored commonalities. Both cultures share a deep appreciation of the role of ancestors and elders; service for a greater good; and a preference for meetings, indeed, “hui” (会) was noted as the Chinese equivalent of the Māori word for meeting, which is also pronounced “hui”. The two cultures recognise the significance of *whakapapa* (genealogies) and family ties, and story-telling as a medium for keeping history



alive. The attributes of being hardworking, family oriented and innovative were also highlighted.

Weaving involves mastery of tension, and threads of enquiry about the nature of tensions in bringing together Māori and Chinese business interests were also explored. Potential issues identified included: more coordination amongst Māori was needed, greater clarity around tribal governance processes was required, issues associated with attracting investment capital and liquidity, and how to achieve greater penetration by Māori enterprise up the value chain. Addressing these tensions would involve aggregation of effort, working together to strengths, sharing resources and developing trust.

As potential tensions were explored, so too were opportunities for addressing them. These opportunities included growing Māori companies internationally and developing better business models that encouraged and educated Māori organisations about ways to be successful in their own cultural terms. Sector-specific opportunities were also discussed. Dragon participants identified infrastructure, commercial education and generic medicine as having great potential. In addition, Taniwha thought education and training, communications, and traditional medicine also had tremendous potential. Tourism and industries beginning with “F” were noted as being staple opportunities in need of innovation: farming, forestry, fishing and food, along with more recent developments in fashion and film.

The fifth theme centred around what Dragon and Taniwha considered most important. There was general consensus that participants were very passionate about relationships. Dragon

and Taniwha noted that relationships needed to take account of how business builds strong families and communities and makes the world a better place to live in, especially for future generations. Relationships involved being stewards of the environment and nurturing bio-diversity projects, protection of land and waterways. Relationships also involved helping the arts grow, and growing future leaders. Importantly, relationships needed to be direct and develop mutual respect. Hugh noted that the form of business that Dragon and Taniwha had been discussing is known as “coordinated market capitalism”, which emphasises relational ways of working.

With the initial *whāriki* woven, the dialogue then deepened in response to Manuka’s asking the group to consider what their “strategic intent” might be. The Dragons and Taniwha felt the place to best start was through cultural exchange to develop greater levels of trust and mutual respect. From this shared interwoven cultural platform, new business models informed by abiding values and built upon reciprocity, wealth and wellbeing could be developed. Manuka summarised the roundtable discussion by observing that the strategic intent appeared to be to enhance mutual respect by growing prosperity, wealth and wellbeing.

The roundtable between Dragon and Taniwha is a work-in-progress. Many rich cultural intersections were illuminated as the two treasured worldviews interweaved. Plentiful threads of opportunity were identified – threads that can grow the wellbeing of people and environment now and for the generations to come.

¹ *Taniwha* are supernatural creatures in Māori tradition, similar to serpents and dragons in other cultures. See www.teara.govt.nz/en/taniwha

Recent publications by NZAI staff

Hard Interests, Soft Illusions: Southeast Asia and American Power

By Natasha Hamilton-Hart, Director, Southeast Asian Studies Centre, NZAI

Cornell University Press, 2012



Hard Interests, Soft Illusions explores the belief held by foreign policy elites in much of Southeast Asia – Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Vietnam – that the United States is a relatively benign power.

Dr Hamilton-Hart argues that this belief is an important factor underpinning US preeminence in the region, because beliefs inform specific foreign policy decisions and form the basis for broad orientations of alignment, opposition, or nonalignment. Such foundational beliefs, however, do not simply reflect objective facts and reasoning processes. The author argues that they are driven by both interests – in this case the political and economic interests of ruling groups in Southeast Asia – and illusions.

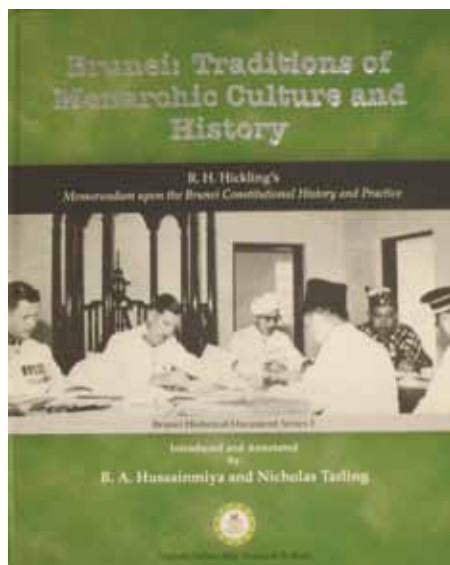
She shows how the information landscape and standards of professional expertise within the foreign policy communities of Southeast Asia shape beliefs about the US. These opinions frequently rest on deeply biased understandings of national history that dominate perceptions of the past and underlie strategic assessments of the present and future. Members of the foreign policy community tend to rely intuitively on received wisdom and rarely explicitly test such wisdom according to social scientific norms. This does not mean, she emphasises, that the

beliefs are insincere or merely instrumental rationalisations. Rather, cognitive and affective biases in the ways humans access and use information mean that interests influence beliefs; how they do so depends on available information, the social organisation and practices of a professional sphere, and prevailing standards for generating knowledge.

Brunei: Traditions of Monarchic Culture and History: R H Hickling's Memorandum upon the Brunei Constitutional History and Practice

Introduced and annotated by Nicholas Tarling, Fellow, NZAI and B A Hussainmiya

Brunei Press Sdn Bhd, 2011



R H Hickling, a constitutional lawyer, was asked to report on Brunei's traditional constitutional practices in 1954. The Sultanate was then under British protection, while its neighbours, Sarawak and North Borneo (Sabah) had been turned into colonies in 1946. The future had to be considered not only in the light of Britain's experiences – including its role on the Malay Peninsula since World War Two and its occupation of a major base at Singapore – but also in the light of Brunei's long history. It was, Hickling concluded, "a Malay State with a living constitution bound upon a strong sense of history".

The report is of interest to Bruneians, now ruled by an independent Malay Islamic Monarchy. It is also of interest to historians of the Sultanate, being in some sense a successor to the report made by Stewart McArthur in 1904, which played a major part in ensuring the survival of Brunei in the so-called phase of high imperialism. The editors have reproduced it, adding an historical introduction, explanatory

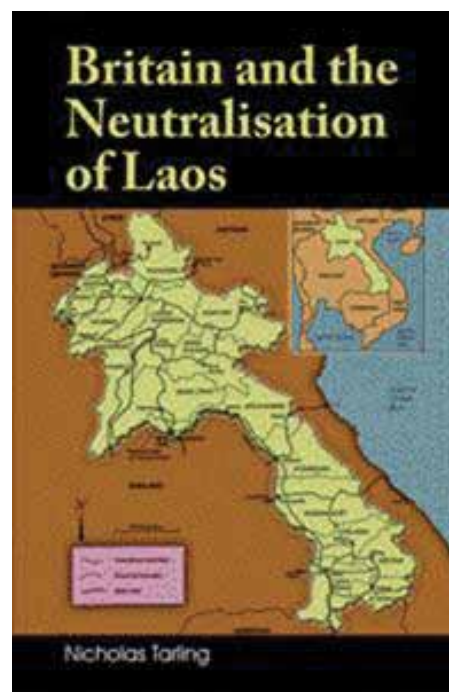
notes, and illustrations. The work forms the first of a series of Brunei Historical Documents that the Yayasan Sultan Haji Hassanal Bolkiah plans to publish.

Dr B A Hussainmiya, who teaches at University of Brunei Darussalam, published a major work, *Sultan Omar Ali Saifuddin III and Britain*, with Oxford University Press in 1995. Professor Tarling's book *Britain, the Brookes and Brunei*, was also published by OUP, back in 1971.

Britain and the Neutralisation of Laos

By Nicholas Tarling, Fellow, NZAI

NUS Press, Singapore, 2011



This study focuses on the Geneva conference on Laos of 1961-62, which Britain played a role in bringing about and bringing to a conclusion. It throws light on Britain's policy in Southeast Asia, in what in some sense may be seen as the last of the decades in which its influence was crucial. It is the first book to make full use of the British archives on the conference.

The book also bears on the history of Laos, of Vietnam, and of Southeast Asia more generally. It will interest those working in the various fields on which it touches, such as Modern Southeast Asian history, the history of Laos, the Vietnam War, the Cold War and international relations.

Central Asia: Europe or Asia?

Strategically located between Europe and Asia, Central Asia used to be a geographic and cultural bridge between the two continents. Since the end of the Soviet Union, however, the region has struggled to create a new political and regional identity.

This was the topic of a seminar by Professor Rouben Azizian from the Asia-Pacific Centre for Security Studies in Honolulu, who spent his three-month sabbatical at the NZAI until March 2012.

Professor Azizian's seminar covered Central Asia's identity debate, security outlook and economic relevance for the Asia-Pacific region, focusing on the five former Soviet states in the region: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

He told how Asia's seemingly unstoppable economic rise and Europe's unfolding financial disturbances have made Central Asian countries uncertain about which regional bloc to join. They feel, on one hand, more closely related to Europe and hope to be recognised one day by the EU. On the other hand, they also find Asia economically attractive. They want to be invited into the Asian structure, but are concerned about the rapidly ascending China.

Reacting to the greater regional connectivity respectively in Europe and Asia, there are also strong appeals within Central Asia for its member states to bridge their confidence and trust gaps and form their own regional grouping.

Professor Azizian says that local debates within Central Asia are showing what seems to be

an initial consensus on the region integrating into a "Eurasian" union. The commonly quoted rationale is that such a union will allow the region to interact with Europe, Asia and China all at once. Yet who can be included in the "union" besides the five former Soviet states? Turkey? Mongolia? South Asia? Also, who is promoting it, for what purposes? Deterring China? Minimising Russia? There are yet to be agreed-upon answers to these questions among or within the five Central Asian countries.



This suggests that their governments will continue to follow China's pragmatic model in their dealings with Europe and Asia. Culturally, they will remain attached to Europe. Their security appraisals will, however, remain

informed by the Asian way of thinking, ie, regime security is put ahead of state and individual concerns. In their ongoing domestic transitions, they will also likely stay on the path of economic reform first, and political liberalisation distantly second. Professor Azizian finished his talk by spelling out why Central Asia, while still in transition, is relevant to the Asia-Pacific region, including New Zealand. The first reason concerns Islamic militancy and terrorism as radical Islamic organisations are not only using Central Asia as supply routes for weapons, but also trying to move into the region. The management and future of the rich and varied energy resources in Central Asia form another issue which calls for greater and continued international attention.

Finally, China has been asserting itself in Central Asia through bilateral and multilateral arrangements. While it has been careful not to offend the United States or Russia or other interested countries, its increased engagement may be perceived in the region as risking upsetting the balance of power. Sustaining regional stability in Central Asia is, however, not merely a geopolitics issue. In Professor Azizian's opinion, New Zealand could work with the region more closely on food security, education and social development endeavours.



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