

Knowing Our Place in the World

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WHAT is the population of Jordan? With the extraordinary media coverage both in Australia and overseas devoted to King Hussein's death in February, and with presidents past and present, and other world leaders flocking to his funeral, one might imagine it is 60 million. Or is it 40 million? Perhaps 20 million? Actually, none of these. Try five million. That's right, Jordan has a population less than the State of New South Wales. It is difficult to imagine world leaders flocking to Sydney for the funeral of the New South Wales Premier. But then, of course, King Hussein was able to punch above his weight on the world stage for geo-political reasons.

Nonetheless, the world really only cares about the Middle East as much as it does because of its oil. But even on that point Jordan misses out. Its main item of production is phosphate—the very same as was mined on Nauru and Christmas Island.

Phosphate has not made Jordan terribly rich—the country's GDP is about what we spend on Veterans' Affairs and about a fifth of what we spend on all of Centrelink each year. In fact Jordan's economy is about the same size as the State of Tasmania's. This doesn't mean that King Hussein was not important. He was. It's just that his country doesn't pack much of a punch.

And what of Libya, another of those countries in the Middle East that we hear so much about? It has just six million people—about a quarter of our own and just two per cent of the population of its great adversary, the United States.

There are some other prominent countries in the world that are only a shade of Australia in terms of population. Many European countries are in this boat. Austria has less than nine million people, Denmark barely more than five million, Ireland has not quite four million, Switzerland has seven million, Sweden less than nine million, and Portugal less than ten million. Too readily we allow false ideas of our place in the world to creep

into the national psyche. Among the developed countries, it's not just New Zealand that we are bigger than.

Then there's Brunei—that well-known, mega-rich oil producer. Well not quite. Brunei produces 150,000 barrels of oil per day. Even at its peak, around 1979, oil production did not rise above 250,000 barrels per day. Australia is in fact an oil giant compared with Brunei. Our production currently is in excess of 500,000 barrels per day. It is not the absolute level of oil production that has made Brunei famous (despite common perceptions to the contrary) but the fact that with a population of just 300,000, per capita incomes are high. In fact, Brunei is not hugely wealthy at all—it's just that there aren't that many Bruneians.

Australia's stock market is another 'giant'—at least in regional terms. At around US\$314 billion, its current market capitalization way exceeds the combined market capitalizations of the stock markets of Singapore, Jakarta, Manila, Bangkok and Kuala Lumpur—indeed all of South-East Asia. It is about the same size as all the listed companies on the Korean and mainland Chinese stock exchanges, and the combined market capitalization of the National Australia Bank and Telstra is about the same as the combined value of all the companies listed on the Jakarta and Bangkok stock exchanges.

There's a lot about Asia that was forgotten during the days of the 'Asian miracle'. Remember Vietnam—the new tiger that every American multinational seemingly was lining up to invest in? Its entire economy is less than five per cent of Australia's, despite its having four times the population. Given that our annualized growth rate currently is almost five per cent a year, it means that as a nation, we are adding an entire Vietnam to our economy every year.

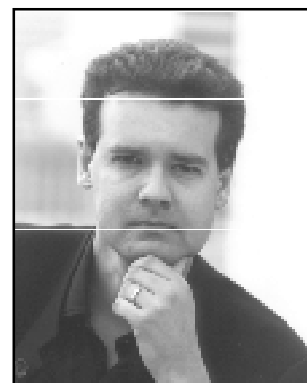
Then there's Indonesia. It has ten times Australia's population but even in the good times the size of its economy was barely a quarter of that of Australia.

Newspapers are filled with talk of this or that Indonesian bank collapsing. To be

sure, each collapse no doubt is a devastating event for Indonesia's economy but it helps to keep such events in perspective.

Even in good times, Indonesia's largest private bank, Bank Central Asia, had just US\$11 billion in assets which made it about six per cent of the size that the National Australia Bank is today. Another leading Indonesian bank, BII, had no more than US\$6 billion in assets—not quite four per cent of the assets of the National Australia Bank. Indeed, prior to the economic crisis, the assets of any one of our major banks would quite easily have covered the assets of Indonesia's entire banking system. Most of Indonesia's more than 200 banks would not have even qualified as credit unions in Australia. Today, of course, the entire Indonesian banking system as a whole is insolvent. In terms of net assets there simply aren't any.

Part of being Australian means under-emphasizing who we are and down-playing our achievements. But every now and again it is useful to take stock and remind ourselves of our true place in the world. King Hussein's prominence was in spite of, rather than because of, the realities of his country. That is not a problem that Australia needs to have.



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