

Pacific Futures

EDITED BY MICHAEL POWLES



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PANDANUS BOOKS
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Foreword

*Hon. Tuilaepa Sailele Aiono Malielegaoi*¹

At their Special Meeting in Auckland in April 2004, Pacific leaders adopted a far-reaching vision for the future of the region:

Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives. We treasure the diversity of the Pacific and seek a future in which its cultures, traditions and religious beliefs are valued, honoured and developed. We seek a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values and for its defence and promotion of human rights. We seek partnerships with our neighbours and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all.

This vision recognises that the Pacific has moved into a new historical era, which calls for a reassessment of the approaches we take to the issues that we face. For us, the immediate post-colonial period, in which the countries of the region gained and shaped their political independence, is coming to an end. In a rapidly changing world, we need to find our proper place, a place that will bring real and lasting benefits to our citizens. The new arrangements we make must offer Pacific solutions to unique Pacific challenges.

At the Pacific Islands Forum meeting in Apia in August 2004, leaders confirmed their wish that a comprehensive Pacific Plan be developed, an instrument that would carry forward their vision by developing a deeper level of regional cooperation, which might lead us to a more effective degree of real integration. Development of the plan is now under way.

Above all, the leaders want the plan to be practical. We want it to identify, on a sectoral basis for a start, where the region can, gain the most from sharing its often limited resources. We want it to identify areas and ways that will produce resource savings, harmonise processes and align policies. We want it to deliver real benefits to the people of the Pacific by proposing concrete plans for enhancing economic growth, sustainable development, good governance and security — the key goals of the forum.

Regionalism in the Pacific has had its successes. It has been a process without which the region might well have been considerably worse off. Notwithstanding those successes, I think we have to admit that our commitment to regionalism has been, at most, partial and intermittent. It is unsurprising, and natural, that this should be so — in a world of sovereign states, we shall, in the Pacific as elsewhere, continue to identify our vital interests in national terms. But what the leaders' vision is pointing to is that we need to look much more closely at the extent to which those interests might be sufficiently similar to be pursued regionally.

I have emphasised the need for a practical approach to regional cooperation. That is a *sine qua non*; without delivery of practical benefits, efforts to cooperate will, quite rightly, not gain the support they must have. But there are also broader questions raised by the leaders' vision, which those concerned for the future of the region need to contemplate. Just what is the Pacific region? Are we a genuine combination of like-minded states, held together by abidingly strong cultural affinities and shared experience in what is, globally speaking, a unique environment? Or are we, in essence, a historical construct, flung together by the whims of our colonisers, a region by default? Or are we, in a mundane, down-to-earth way, a marriage of convenience, a strictly limited commitment with limited mutual attractions?

What is to be the nature of our relationships with the wider world? How are our small states going to find a place, one that pays some regard to their views and interests, in a globalised world? How will we best interact with our neighbours, some of them very powerful and likely to become more so, on the rim of the Pacific? How do we most effectively interact with those parts of our region that have not achieved independence, the territories and other entities? And what is the future role vis-a-vis the island states of our larger, wealthier forum members, New Zealand and Australia? To what extent — and allowing that their situations are far from identical — will they further develop their roles as full members of a Pacific community?

All of these questions — and they are only some of those that face us — are much easier to ask than to answer. But they not only need to be asked, but debated widely and with originality, by people right across the region. There is a cynical view that there has been enough talk, that the problems of the Pacific Island countries 'have been done to death'. I, like many others, get weary sometimes with what seem to be the endless series of consultants and other savants who pronounce on us about almost everything. But I am also very conscious that the Pacific faces a time of rapid change and very serious challenges. We have to diagnose and understand those changes and challenges as accurately as we can if we are to have any chance of fashioning adequate responses. To do that, we have to ask the right questions of the right people — the people of the region themselves.

I hope that the consultation process, which will be a crucial part of the development of the Pacific Plan, will open up these many questions. As I say, we must also be immediately practical and that is how the task force charged with putting together proposals for the Pacific Plan has approached its job. So much of what we are really talking about in this context is about service delivery, a key function for any government, whatever its size. How can better regional cooperation ensure, at national levels, improved education and health services, more effective transportation facilities, the opportunity to develop a commercial enterprise, those very fundamental things on which people base their aspirations for better lives? And — a very important question — how do we implement good regional policies? We have, for many years now, been devising strategies and plans at regional levels, which, on paper, have all the appearance of usefulness. Implementation at the national level has, I'm sure we would all feel bound to admit, been patchy. If our commitment to more effective regionalism is to have any meaning, if it is going to impinge positively on the lives of those who place their trust in us, we will have to find better means of translating our good intentions into sustained action at the national level.

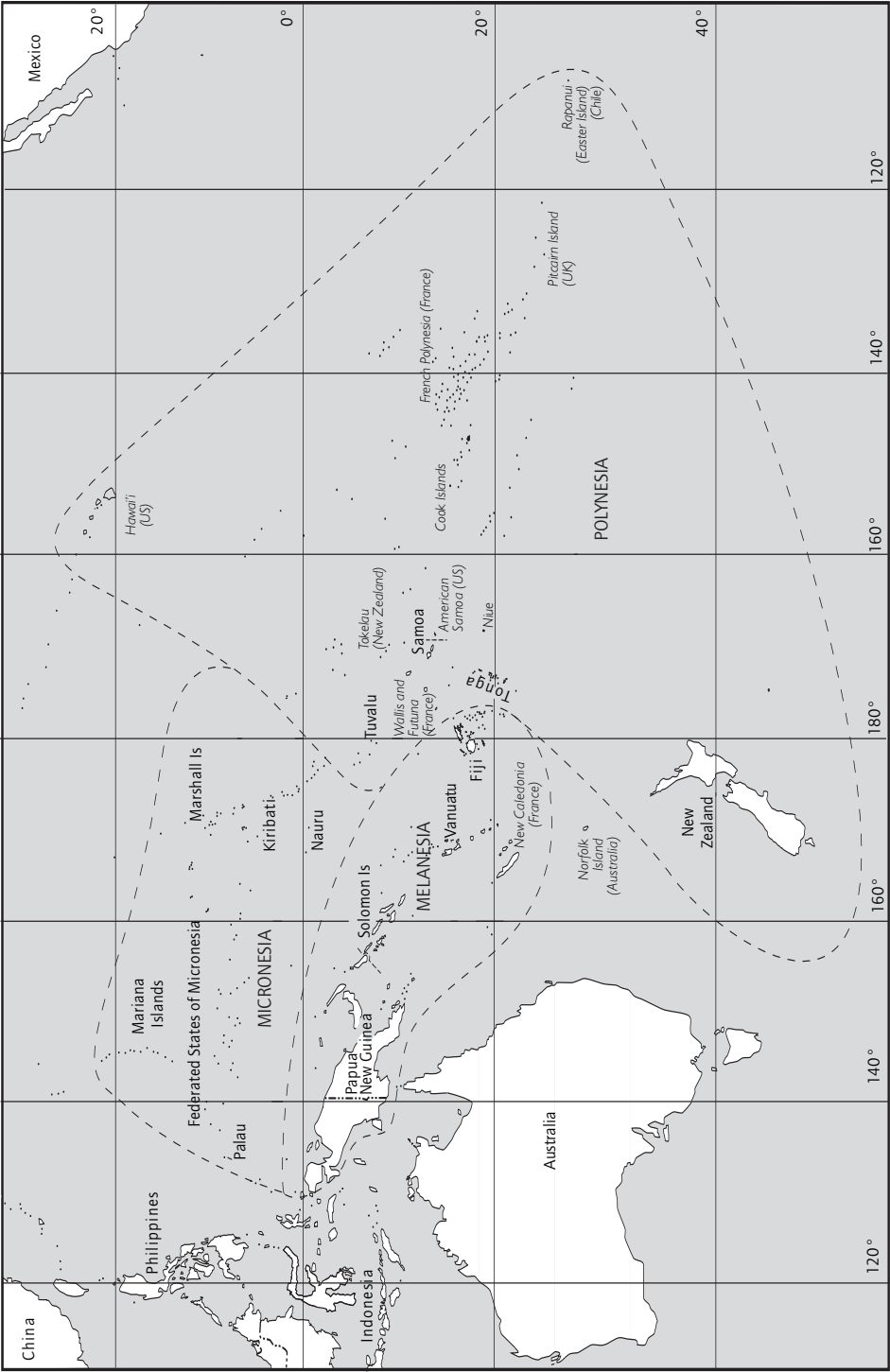
That issue of the relationship between our national and regional selves goes also to the broader matter of sovereignty. We are right to be proud of our national sovereignty, as all self-respecting states must be. But we also need to know the nature of our sovereignty and its boundaries. It is a fact that an element of effective sovereignty is transferred from the State to a larger grouping every time a country signs a treaty or convention, or indeed joins a regional or international organisation. There are examples of this in our region already: fisheries is one practical case in point, and the range of governance- and security-related issues comprehended by, for example, the Pacific Islands Forum Finance Ministers' Meetings process and the Biketawa Declaration point us in the same direction. A globalising world will continue to lead us into a more complex definition of sovereignty, one that seems bound to take us further away from the old, classical concept of a nation-state. We need to look at these developments positively, not just as a threat, although I readily admit that states of our size face special challenges. Within our region, we need to begin to explore how and in what areas a real shared sovereignty might benefit us. Are there new issues and arrangements now facing the Pacific that would be best dealt with through binding, regional decision-making processes? Again, the answers are not easily evident, but we must find out.

I hope that this publication will make an important contribution. It should, as — it contains much that is of interest from some of the leading observers of our region. I congratulate the Pacific Cooperation Foundation on its initiative and wish them very well in their efforts to generate wider interest in and understanding of the Pacific region.

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Map One: The Pacific Islands Region



Map Two: The members of the Pacific Islands Forum

Introduction

Michael Powles

THE QUESTION OF REGIONAL CHANGE — whether to cooperate more closely, even to integrate, or not — has been placed fairly and squarely on the regional agenda by Pacific Islands Forum leaders. In his foreword to this book, Prime Minister Tuilaepa has emphasised that new challenges are facing our region as a result of globalisation and other trends. He argues, and it is clearly the view of forum heads of government, that ‘we need to explore how and in what areas a real shared sovereignty might benefit us. Are there new issues and arrangements now facing the Pacific that would be best dealt with through binding regional decision-making? Again, the answers are not easily evident, but we must find out.’

This book is sponsored by the Pacific Cooperation Foundation, established in New Zealand with government and private sector support to promote a greater understanding of Pacific issues as well as mutually beneficial cooperation. The book’s aim is to help the debate, which, eventually, will come up with answers to the questions posed by Prime Minister Tuilaepa and others concerned for the future welfare of Pacific peoples. The region’s leaders have set a course with their proposed Pacific Plan, but, like the courses set by the first voyagers into the Pacific, the final landfall is as yet unknown. Discussion might reveal widespread preference for the option of closer integration, politically as well as economically, foreshadowed in the pathfinding report of the forum’s Eminent Persons’ Group (EPG) in 2004. Alternatively, there might be a preference for other forms of regionalism — or for the status quo.

I believe that the course the EPG and forum leaders have set is the right one — that we in the Pacific must cooperate much more closely, including the gradual pooling of sovereignty, if we are to make our way successfully in the world — but this volume pushes no particular line. Rather, it is intended to provide background, social and cultural as well as economic and political, to some of the issues confronting the peoples of the region, and then to offer some varying perspectives, indeed differing viewpoints, on how we might move forward.

Throughout the debate that must now take place if these questions are to be resolved, it will be crucial that the prime objective is kept at the forefront: the welfare and

interests of the peoples of the Pacific. It will be all too easy for academics and politicians to discuss aspects of regional cooperation at a level that has little meaning for the peoples of the region. The EPG, in proposing the vision for the region (quoted in his foreword by Prime Minister Tuilaepa), was clear on this:

We consider that the Vision, mandate and work plan for the Forum should be clearly defined and directly relevant to the lives of Pacific people and their daily concerns.
(EPG 2004)

Without widespread support from leaders in government and civil society, this whole exercise will likely come to be viewed as just a flash in the pan, a waste of time and, worse, it will encourage the cynics who believe that meaningful regional cooperation is unattainable. A process of public consultation is now under way and it will be a key prerequisite to progress along the course that leaders have set for there to be prolonged and detailed public dialogue, especially with all elements of civil society.

The questions and issues debated in this book will be among the subjects requiring public debate.

The book is divided into four parts; the first on Political and Constitutional Challenges, the second on Social and Economic Challenges, the third on A Developing Pacific Community and the fourth on Finding Pacific Solutions: Some Pacific Voices from Across the Generations.

The opening discussion of Part One is of Governance and Constitutional Issues: Reflections on current problems and future options. John Henderson discusses the misleading use of alarmist terminology, such as 'failed' or 'failing' states, and the role of former colonial powers in the region (several of them now major aid donors) in failing to give most Pacific Island countries a fair go at the time of their independence — in terms of rational national boundaries and the provision of unmodified Western constitutional structures. He discusses the problems that arise when donors make their aid conditional on 'good' governance (defined by the donors themselves) and the resentment created when this is seen as a new wave of colonialism. Henderson emphasises that to be lasting and effective the political systems that emerge in Oceania will need to be home-grown — even though this will take time.

Teresia Teaiwa and Malakai Koloamatangi focus on Democracy and its Prospects in the Pacific, discussing the fundamental concept of 'democracy' and reviewing its manifestations in the Pacific. They, too, highlight the inappropriateness of some Western models of democracy for Pacific states and, using specific examples from Kiribati and Tonga, point to the need for renewed focus on indigenous forms of democracy. Lau Asofou So'o develops the same theme with respect to the specific example of Samoa in Culture and Governance in a Future Pacific: The case of Samoa. He describes in some depth the blend between introduced and indigenous notions of governance, which has been adopted by Samoa, how this works in practice and the challenges it poses. He points to the success of Samoa politically, as perhaps the most stable island country in the region, and argues that while adopting a wholly indigenous system of government would pose

serious problems, the incorporation of indigenous elements into existing systems, in the way Samoa has with its constitution, could be a sensible way forward for Pacific countries in the future.

One of the most sensitive and serious challenges in a Pacific context is the tension between aspects of indigenous culture and universally accepted standards of human rights. Strict 'universalists' argue that cultural norms have to give way to universal standards whenever conflict appears, while 'cultural relativists' contend that, in situations of conflict between the two, universal standards should be applied in light of cultural norms. This continues to be a subject for debate in several Pacific countries, including New Zealand and, of course, Fiji. Ratu Joni Madraiwiwi succinctly argues for the critical middle ground between these opposing camps in *Navigating Passage Between Human Rights and Culture in Fijian Waters*. Continuing the legal theme, Blaise Kuemlangan, in *Law Reform and Development for Nation-Building in the Pacific*, describes the importance of development law as an essential instrument for national development in Pacific countries, mentioning as examples the national and regional importance of the implementation nationally of international fisheries instruments, enhancing participatory or community-based approaches in natural resource management, or legislatively enabling the use of customary marine tenure in fisheries management. Kuemlangan highlights and deplores the hibernation or decay of essential law reform agencies in some Pacific countries and calls for the review and amalgamation of some of the existing institutions.

The book's second section, on Social and Economic Challenges, begins, appropriately, with language and culture. Any consideration of new or different options for the Pacific's future must give close attention to issues of language and culture. Galumalemana Afeleti Hunkin and Fepuleai Lasei John Mayer discuss in depth issues relating to Language and Culture Loss in the Pacific. While they paint a fascinating picture of a region that is home to about one-fifth of the world's languages, the list of extinct and endangered Pacific languages is, sadly, growing. Hunkin and Mayer describe the success of measures in Hawai'i and New Zealand to preserve and promote the Hawaiian and Maori languages through the *Aha Punana Leo* and *Kohanga Reo* 'language nest' programmes and suggest that these endeavours badly need replication throughout the region if Pacific languages and indeed cultures are not to be devalued: 'Saving the languages of the Pacific will require cooperative endeavours on the part of educators, academicians, politicians, the media, the clergy, and the support of the very superpowers that have put the Pacific languages on this course of extinction.'

Regional trade policy developments are described by Wadan Narsey in PICTA, PACER and EPAs: Weaknesses in current trade policies and alternative integration options. He argues that PICTA (the Pacific Island Countries Trade Agreement) poses real challenges for Pacific Island countries, which will be difficult to meet. In his view, they would be better off to bring obligations in PACER (the Pacific Agreement on Closer Economic Relations) in relation to Australia and New Zealand into force sooner rather than later, and thereby create the foundation for a Pacific Economic Community, which would include island countries and Australia and New Zealand. Looking beyond the immediate region to the policies pursued by global financial and developmental institu-

tions, and also by Australia and New Zealand, Claire Slatter describes in *Neo-Liberalism and the Disciplining of Pacific Island States — The Dual Challenges of a Global Economic Creed and a Changed Geopolitical Order* how free market and other neo-liberal economic policies have effectively been imposed on Pacific Island countries. She discusses the negative implications of trade liberalisation for Pacific Island countries and the extent to which 'neo-liberal analyses of Pacific states and societies continue to influence the way the Pacific and its future are perceived by donor governments'. She powerfully disputes the views of Helen Hughes and other Australian academics who view the Pacific from a neo-liberal perspective, and argues that 'the aggressive marketing of neo-liberalism and its core values of individual advancement, private wealth accumulation and open access to resources, strike at the heart of things that have long been enshrined in law, cultural value systems, and social practice in the Pacific Islands. The time is long overdue for critical investigation and public debate on the long-term implications of following a course set by outside navigators whose final destination is not of our choosing'.

In *A Single Currency for the Pacific Countries?* T. K. Jayaraman reviews in detail the conditions that would need to exist before a single currency would be a viable option for Pacific Forum countries. He concludes that the present degree of economic union in the region is insufficient to support the introduction of a single currency at this time. The chapter is a useful reminder of the careful deliberative approach that is necessary when calls are made for increased cooperation or integration in particular areas to avoid premature action that would be counterproductive and harmful to regional cooperation generally.

The question of labour mobility, however, is currently higher on the regional agenda. For political as well as economic and social reasons, the issue of the movement of people among Pacific Islands Forum countries will need to be faced sooner rather than later. (It is ironic that most proponents of neo-liberalism include free trade and the free movement of capital in their prescriptions but somehow overlook the case for the free movement of labour.) It is therefore welcome, for human at least as much as for economic reasons, that Satish Chand in *Labour Mobility for Sustainable Livelihoods in Pacific Island States* makes the case for the mobility of skilled and unskilled workers within the region. Complete freedom of movement as exists between Australia and New Zealand might be some time away. New Zealand already has some experience with temporary-worker schemes and immigration quotas for entrants from some island countries and Cook Islanders and Niueans have open access. But if the New Zealand and Australian proponents of closer cooperation, indeed integration, among forum countries are to retain credibility, they must soon face the sensitive issue of labour mobility and the movement of people throughout the region.

Vijay Naidu addresses *Development Assistance Challenges*. He points out that Pacific Island countries face unique challenges, including, in one or more countries, trade dependence on one or two commodities, lack of international competitiveness, human capital loss, natural hazards and, in addition, a range of 'man-made' disasters including governance problems, lack of accountability and inadequate social services. Naidu

discusses what has been called the 'Pacific paradox' — high development assistance flows but low or stagnating economic growth — and ways forward. New development challenges are likely to include the need for increasing buffers against the negative repercussions of free trade and globalisation. He argues the importance of ensuring that development assistance enhances the decision making processes in recipient countries. Finally, in this section, Graham Sem in *Climate Change and Development in Pacific Island Countries*, describes the enormous challenges climate change issues pose to Pacific Island governments and also the importance of their developing their own capacity to respond to these challenges if policies in this area are not to be determined by foreign interests and international organisations.

The third section, *A Developing Pacific Community*, looks at regional cooperation and examines some of the issues and options for the future. The notion of a 'Pacific community' is of course far from new. It has been used for decades to describe, among other aspects of regionalism, the sense of community that Pacific Island peoples can feel about each other and, practically, regional cooperative arrangements. The first contribution here, by Richard Herr, is *Pacific Island Regionalism: How firm the foundations for future cooperation?* Any discussion of options for the future must start with an understanding of what has been achieved so far. Herr assesses the resilience of the Pacific Islands' regional capacity in light of the track record to date. Overall, he concludes that Pacific Islands regional cooperation 'stands out as a rare example of apparent success within the developing economies across the globe'.

But what do we mean by 'regionalism' in the Pacific context and what, if any, are the natural 'regions' in the Pacific? Ron Crocombe in *Regionalism Above and Below the Forum: The geographical/culture regions, Asia-Pacific and others* argues with characteristic force that many of the assumptions relating to Pacific regionalism that have been accepted by policy-makers in Pacific countries might not be appropriate. He discusses the necessary conditions for effective regionalism and argues that the 'forum region' is no more a natural region than, on a larger scale, a region comprising not only forum countries but all the dependant Pacific territories, or, on a smaller scale, the 'culture-area regions' of Melanesia, Polynesia or Micronesia, and discusses as well regional relationships involving island countries and the countries of the Pacific Rim. Crocombe argues that the 'paradigm shift from West to East', with Asian countries soon becoming the main external influences on Pacific countries, will have a major impact on notions of regionalism. This valuable contribution raises issues and arguments that undoubtedly need to be debated and weighed. At the end of the day, of course, it is also a consideration that the 'forum region', for all its failings, does have a regional structure and an increasingly strong habit of regional cooperation developed over many decades. The paradigm shift from West to East is largely a reflection of China's rapid emergence as a major power. And that is a development, certainly not an unwelcome one, that the whole Asia-Pacific region, including Australia and New Zealand, must come to terms with.

Greg Fry, in *Whose Oceania? Contending Visions of Community in Pacific Region-Building*, discusses the specific and crucial issue of the role of Australia and New Zealand in the contending visions of community in the region. He points out that much

Australian talk of Pacific regionalism is motivated more by perceived national security interests than by community or humanitarian concerns. While clearly involving Australian ideas (sometimes prescriptions), support and indeed finance, it is not necessarily intended to include Australia itself. He acknowledges that New Zealand assumptions might well be different (and to many New Zealanders a Pacific community so defined that New Zealand was excluded would be unthinkable), and he does note that the recent Australian Senate report on the Pacific (Senate 2003), unlike the Howard Government's stated policies, envisages at least some opening up of Australia to the Pacific community.

In the last chapter of this section, *Rethinking Sovereignty in the Pacific*, Transform Aqorau explores new ground in developing a convincing argument that traditional (Western) concepts of sovereignty might no longer be wholly appropriate or helpful in the modern Pacific. He discusses the history of regional contact and cooperation in the Pacific before colonial times — what kind of 'sovereignty' was enjoyed then? — and describes the many factors that increasingly make sovereignty much less than absolute. Moreover, the notion of 'sovereignty' to which most Pacific peoples subscribe differs significantly from traditional Western understanding of the concept. Aqorau goes on to suggest that the development of a Pacific Plan and deeper and closer collaboration among forum members could well be the embryonic stages of a move to further circumscribe the notion of sovereignty in the Pacific, initially, presumably, through gradually increasing the pooling of sovereign powers. If it develops, this trend could be a part of the answer to the different and unique situations of Niue, facing depopulation, Tuvalu and Kiribati, facing loss of land through ocean-level rise, Tokelau, seeking to manage its affairs with limited human and other resources, and even the present dependant territories of France and the United States, several of which are pressing hard for greater involvement and acceptance in a Pacific community.

The book's last section, *Finding Pacific Solutions: Some Pacific Voices from Across the Generations*, comprises short contributions from a former prime minister, an international jurist, a leading churchman, a former congressman from Micronesia, on the one hand, and two young Pacific people, on the other. Each gives a personal perspective on issues facing the region, now and in the future.

The title of the last short contribution, *There is Hope for the Future*, reflects the underlying sub-theme of the book. Greg Urwin, Secretary-General of the Pacific Islands Forum, seeking to put the region's several serious challenges into a broader and more appropriate context than they are often given, especially by commentators who are not Pacific Islanders, has described the natural and predictable forces which, two or three decades after independence, are behind many of the region's most pressing challenges. Many of the symptoms of change, often described in alarmist terms by overseas commentators, can equally be viewed as positive, if sometimes painful, steps on the road to nation-building as the region reaches the end of its immediate post-colonial phase. There are problems for sure but, as Urwin says: 'From where I'm standing, it is, from the point of view of all those concerned for the Pacific's future, no bad time to be alive.' (Urwin 2004.)

A new course is being set. One observer describes a new revolutionary notion for the Pacific:

In the twentieth century, the concept of the insular tribe inflated to include the 'national tribe', is a revolutionary notion for the Pacific. Now, in the twenty-first century, in tandem with similar movements in Europe, Africa, the Americas and Asia, all peoples of the Pacific are beginning to recognise the viability of the 'regional tribe' ... It will then no longer matter, for example, that Samoa — Western Samoa and American Samoa — is split in two, not when, at a higher level, all Samoans will in fact be one again: as equal citizens of a larger federation. (Fischer 2002: 282–3)

There are many uncertainties, but it seems increasingly clear that, to face today's growing challenges, Pacific peoples need the strength they can gain from greater cooperation, even integration. 'Rethinking sovereignty' to find truly Pacific solutions might be the key. Prime Minister Tuilaepa in his foreword speaks of seeking more areas of 'real shared sovereignty'.

Recognition that there are at least the beginnings of a shared sense of identity will be a crucial first step. We will all remain Tuvaluans or I-kiribati or New Zealanders or Fijians, but increasingly we will recognise the value of our also being Pacific peoples. The leading Tongan writer Epli Hau'ofa has written powerfully of the power of the Pacific as a unifying force for all Pacific peoples, whatever their cultures or backgrounds:

Conquerors come, conquerors go, the ocean remains, mother only to her children.
And this mother has a big heart; she adopts anyone who loves her. (Hau'ofa. 1994: 148)

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Part One

POLITICAL AND CONSTITUTIONAL CHALLENGES

Governance and Constitutional Issues: Reflections on current problems and future options

John Henderson

THE COUPS IN FIJI and the Solomon Islands in 2000, army mutinies in Papua New Guinea and Vanuatu, the collapse of the Nauru economy, and widespread political instability in a number of Pacific Island states have given rise to a new and threatening vocabulary for discussing Pacific affairs. Concern has been expressed about 'failing' Pacific Island states. There have been alarmist predictions about the 'Africanisation' of the 'artificial' island states. Australia has been portrayed as being under terrorist threat from an 'arc of instability' of states in trouble stretching from Indonesia through Melanesia to Fiji. Western aid donors share the concerns and have formed a new wave of economist 'missionaries', preaching salvation to developing countries through the practice of 'good governance'.

This chapter seeks to explore the extent to which challenges posed by Pacific governance and constitutional issues justify such alarmist language. The differing perspectives of aid donors and recipients on the nature and origins of the problem will first be explored before focusing on the governance issue. The 'artificial' nature of the post-colonial states in Melanesia, which have little or no sense of national identity, will then be considered. The analysis moves on to explore possible solutions, including federal political structures and presidential alternatives to the Westminster parliamentary system of government. The chapter concludes with a brief discussion of the continued relevance of traditional political systems.

What is the problem?

Views on the nature and severity of the governance and constitutional issues and problems facing Pacific Island states vary widely. From the perspective of the outsiders,

particularly Western aid donors, it is corrupt and inept local elites who have contributed most to their countries' political instability and economic problems. The donor states seek answers to the 'Pacific paradox' — why large amounts of aid, which make Oceania the most aid-rich region in the world on a per capita basis, have achieved such limited results. Economic growth has been slow, and in some cases negative. In countries where economic collapse has combined with lawlessness, concern has been raised about 'failing' states. The answer, Pacific Island states are asked to believe, lies in the introduction of good governance, economic reforms, the practice of democratic government and respect for human rights — and closer regional cooperation.

From a Pacific Island — and particularly Melanesian — perspective, however, there is ample 'blame' to share around, with much of it belonging to the former colonial powers who are now the major aid donors. This chapter concentrates on two key areas: the 'artificial' nature of many countries' borders and the 'inappropriate' political systems inherited from the colonial era. This has meant that in the extreme cases — for instance, the Solomon Islands — there was, from the indigenous perspective, no Pacific nation-state to 'fail'. What failed was not the governance of Pacific society (the various clans and tribes of which had governed themselves successfully without outside help for many hundreds of years), but the governance creations of the colonial power. The Westminster parliamentary system, it is argued, has not survived the transplant to the fragmented societies of Melanesia. Elsewhere in the more cohesive societies of Polynesia and Micronesia, while there has been greater political stability, the small size and lack of resources called into question the viability of the micro-states that emerged out of the colonial era. Furthermore, whatever can be said of the colonial era, it did not provide an effective training ground for democracy. Power rested firmly in the hands of the colonial power and was shared only tentatively in the lead up to independence.

The governance issue

Who defines good governance? After all, no one advocates 'bad' governance! Does the political system have to be Western in its democratic form and philosophy to be good? Are the doctrines of economic rationalism and free trade the only viable options for economic policy? Or is the attention given to, for instance, corruption simply a convenient way to shift the blame for economic theories — or 'medicine' — that did not work from the 'doctor' to the 'patient'?

The term 'good governance' was popularised in the early 1990s by the World Bank as it sought to promote free market and business-friendly economic reforms in developing countries. The timing of this initiative is explained by the ending of the Cold War, and the need for a new rationale for granting aid. (In the ideology-driven Cold War period, supporting your 'side' was reason enough.) Good governance, from the economist's perspective, meant small government, achieved by deregulation, privatisation, cutting the size of the public service, promoting free trade, moving to indirect taxes and adopting a liberal attitude to investment. It also meant adopting Western forms of democratic government and adherence to human rights principles focusing on the rights of the individual.

More recently, greater emphasis is being given to the political rather than economic aspects of governance. At the 2000 Pacific Islands Forum in Kiribati, agreement was reached on the Biketawa Declaration, which defined good governance as the practice of open, transparent, accountable, participatory, consultative, fair and equitable government. Reference was made to the 'inalienable rights' of all citizens to participate in the political process. The need to uphold democratic principles, including the peaceful transfer of power, the rule of law and the independence of the judiciary were also emphasised. Indigenous rights, cultural values and the role of civil society were also included. The list is clearly laudable and uncontroversial and was readily agreed to by all forum states. Its implementation, however, presents a much more difficult challenge.

The governance literature focuses on four key areas of concern: legitimacy, accountability, respect and competence. The way these ideals are pursued differs between Western and non-Western traditional societies. In Western systems, *legitimacy* to govern is established through the ballot box. It is the outcome of the electoral process that provides the mandate to govern. Periodic free and fair elections are an essential attribute of a democracy. *Accountability* — the holding of officials and politicians to account for their actions and inaction — is the aspect of governance stressed by aid agencies. To achieve this there must be, to use another governance buzz word, 'transparency'. Public exposure provides a check on corruption.

Respect for human rights and the rule of law is a further key governance requirement. A stable and fair legal environment is essential to attract investment. A basic level of *competence*, including the ability of the government to carry out core tasks, is the fourth governance attribute. Improving the effectiveness of the public sector remains a major area of concern for aid provided by the development banks.

These four key governance attributes can be achieved in a variety of ways, which need not be limited just to Western forms. For instance, collective (or village) rights and obligations are important, along with respect for individual human rights. Legitimacy and accountability might be achieved through a Western-style majority vote or the deliberations of a village council. Ron Crocombe's definition of democracy in the Pacific context does not require every adult to have voting rights. He refers to the selection of leaders 'by processes appropriate to that context, by those whom they lead'. Crocombe also includes the requirement for the leadership to be accountable 'and responsive to the wishes of the people led'. (Crocombe 1992: 6)

Accountability is a key requirement for traditional as well as modern political systems. Leaders who fail to meet expectations are subject to removal. Indeed, in earlier times, the failure of a chief to perform could literally prove fatal!

The point is that there are a variety of ways governance goals can be met. There is a need to avoid becoming preoccupied with the formal constitutional forms that characterise Western forms of government. The focus should be on how the process works in practice. Democracy is not an all-or-nothing process, but is best assessed along a continuum of being more or less democratic in the various parts of the political process.

Problems can arise when donors make their aid conditional on good governance. This creates resentment among developing countries and might be seen to be part of

a new wave of colonialism. It is clearly not democratic for powerful donor states to insist that the aid recipient must adopt particular economic policies. That should be for the local people to decide. Imposing governance provisions in the name of democracy makes a nonsense of the term. Governance must mean much more than the remaking of the island states in the image of the major aid donors.

But the reality is that aid-dependent island states have little choice but to accept governance conditions, although their degree of commitment to implementing the reforms varies widely. An increasingly attractive option is to 'look north' to Asia — where aid providers such as China do not share Western notions of governance. (But there are likely to be other expectations, such as an affirmation of the 'One China' policy.)

The governance literature increasingly assumes a link between the two 'goods' — democracy and economic development. What is good for democracy is seen to be good for economic development and vice versa. On the other hand, the example of Singapore is cited as evidence that a strong and sometimes undemocratic hand can better promote economic growth through the adoption of 'necessary' but unpopular reforms.

The experience of the Pacific is mixed. Economic development, where it has occurred, has not ensured political stability or democratic government. Nor has democracy produced development. Fiji has the strongest economy among the Pacific Island states, but it also has experienced three of the region's four coups. Papua New Guinea has, if anything, the 'problem' of an excess of democracy, but despite an abundance of natural resources, there has been little economic development. One of the reasons for this is the lack of national cohesion, and the instability this produces, which will be examined in the next section.

Artificial states

The national boundaries of Pacific Island states drawn up during the colonial era sought to secure and promote the interests of the European powers. Scant attention was paid to local culture and identity. The result is that a series of artificial states were created, which, especially in Melanesia, have contributed to the region's instability. The 'imagined communities' that developed out of colonial rule in Africa and Asia did not emerge in Melanesia. (Anderson 1991.)

A further complication was the importation of labour, which, in the case of Fiji for instance, drastically changed the population mix, and with it the course of politics. At the time of the first coup in 1987, Indo-Fijians were in the majority. This is no longer the case, but the political reality remains that if an Indo-Fijian should become Prime Minister again, a further coup would be likely, as happened in 2000.

At the time of independence, there was little opportunity to change the colonial boundaries. A rare exception was the case of the Gilbert and Ellice Islands. Tuvalu, a group of Polynesian islands, separated from the Micronesian Gilbert Islands, which became the new state of Kiribati. Elsewhere in Micronesia, Palau and the Marshall Islands were permitted by the United States to stay out of the Federated States of Micronesia (FSM).

In Melanesia, the outcome of establishing states that defied culture is that, after a quarter of a century, there is little or no sense of national identity. Secession attempts

have taken place in the Santo rebellion in Vanuatu in 1980, and more seriously in the Bougainville civil war in the 1990s. A case can be made that had Bougainville's 1975 unilateral declaration of independence — which preceded Papua New Guinea's independence — been recognised, the more than 10,000 deaths resulting from the decade of civil war could have been avoided. The counterargument is that a successful secession by Bougainville would have set a precedent that might have triggered the fragmentation of Papua New Guinea and its Melanesian neighbours. Would this have mattered? After all, Papua New Guinea's population is far greater than the rest of the region put together. Bougainville had the potential to establish a viable state — with a population of about 200,000, (roughly the size of Samoa), and the considerable wealth provided by the Panguna copper mine.

The problem of artificial states has not been such a serious political issue in Polynesia. The hierarchical cultures extended chiefly authority for as far as could be secured by battle or other means, and to this extent more closely resembled the formation of Western nations. There is not the same diversity of language or culture, and a greater readiness to identify nationally as, for instance, 'Tongan' or 'Samoa'.

Polynesia and Micronesia, however, face other challenges, the origins of which date back to the colonial era. In a number of cases, remoteness, small size and limited resources severely restricted prospects for the establishment of economically viable countries. The relationship between size, democracy and development is far from clear. The current precarious situation of Nauru and Niue (populations of 10,000 and just 1,400 respectively) highlight the vulnerability of the very small. With populations the size of a small New Zealand town, they face all the responsibilities of a nation state. Some manage well. Tuvalu, Cook Islands and Palau (all with populations less than 20,000) show that small can be viable. Most of the region's strife and trouble spots have been in the relatively large (by Pacific standards) and resource-rich states of Melanesia — Papua New Guinea, Solomon Islands, Vanuatu and Fiji. Bigger, it seems, might not be better.

Federations

The establishment of federations provides a means for a grouping of small states with limited resources to link together. In the 1980s, Cook Islands Prime Minister, Sir Tom Davis, proposed a Polynesian Federation. It was backed by the President of French Polynesia, Gaston Flosse, and the King of Tonga, who saw himself as leader. There was also support from some Maori leaders in New Zealand, but the idea lapsed through a lack of New Zealand Government funding.

Similar calls were made in Melanesia, but the only federation formed between Pacific Island states took place in Micronesia. In 1986, the Federated States of Micronesia was established by linking the island states of Chuuk, Pohnpei, Kosrae and Yap — all previously part of the Congress of Micronesia, which embraced the US Pacific territories. A number of other former US territories — most notably the Marshall Islands and Palau — remained outside the new federation. While to date the FSM has stood the test of time, this has been largely as a result of generous US funding. Without this economic incentive, the federation would have long ago fragmented into its different

cultural units. There has been little or no development of a sense of national unity, and the FSM is hardly an appealing model for other parts of the region.

Federations might be formed within as well as between states as a means of devolving authority in diverse societies. This has been seen widely as a solution to the problems of the Solomon Islands. Like Papua New Guinea, the Solomon Islands has had a provincial system with power resting ultimately with the central government. A looser federal system would require power sharing between the states and the national government. Critics of the federation proposal argue that it would give most of the advantages to the larger states, while small states would be deprived of resources. Meeting this problem is a challenge in the framing of Pacific constitutions — to which attention is now turned.

Constitutional issues

All Pacific Island states have written constitutions formulated as part of the independence process. There was, however, a certain naivety and patronising attitude evident in the apparent assumption of the departing colonial power that if ‘rules’ of constitutional government were written down in detailed constitutions (book-length in the case of Papua New Guinea) they would be followed. The same assumption lives on in the many regional declarations Pacific states continue to be asked to sign.

New Zealand’s role in the drafting of written constitutions is ironical given New Zealand’s own experience in following the example of the United Kingdom in not having a formal written constitution. The New Zealand Parliament remains the highest court, and, at the end of the day, can act unrestricted by a constitution. There is only limited scope for judicial review and this relates generally to process, not substance.

Not surprisingly, the Pacific Island constitutions reflected the political structure of the colonial power. In most of Polynesia and Melanesia, a Westminster form of parliamentary government was established. In Micronesia, there is a greater mixture of political systems, but the influence of the US presidential system is evident. This provides an opportunity to compare how the two systems have worked in the Pacific setting.

Given the different cultural and historical settings in which the Westminster system developed, it is not surprising that difficulties have been experienced in transplanting it to a Pacific environment. A criticism of the Westminster system is that the formal division between government and opposition accentuates internal divisions within society and fosters instability. The confrontational approach clashes with the Pacific ideal (seldom achieved in practice at the national level) of consensus decision-making. From a Pacific perspective, the government-opposition split is divisive and wasteful of scarce resources. It seems strange to be paying a group of politicians to criticise the government. This accounts for the frequent calls for governments of national unity. It also explains why micro-states such as Niue and Tuvalu have sought to avoid the divisive tendencies of political parties and why they operate non-party systems. It seems to make more sense in small societies for all politicians to pull together for the common good. But politics is by nature a competitive vocation and political unity is very difficult to achieve in practice.

In Westminster systems political unity is not considered to be a desirable objective except in emergency situations. This is because it compromises the role of the opposition

in carrying out its task of keeping the government honest. Power-sharing arrangements, such as those required by the 1997 Fiji Constitution, work to undermine the Westminster system. The more the emphasis is on consensus, the less scope there is for the opposition to hold the government accountable.

A further issue relating to accountability is the short sitting times of many Pacific parliaments. If a parliament is not sitting — perhaps because the government is seeking to avoid a vote of no confidence — it cannot be holding the government accountable. Furthermore, accountability procedures such as parliamentary question time and committee systems are poorly developed in most Pacific parliaments.

To provide accountability and stability, the Westminster system requires an effective party system. Indeed, political parties are widely seen as the essential ingredient for developing and maintaining a modern democratic system. Ideally, in the Westminster system, there should be two major parties which at different times fill government and opposition roles.

But the trend in the Pacific, particularly in Melanesia, has been for more and weaker parties — and with it greater instability. ‘Independents’ now make up the largest group of candidates in PNG elections. Party allegiance is not determined until after the election — when support can be secured by the highest bidder. The objective of elected members of parliament is to join the government rather than hold it accountable.

The experience of Pacific states calls into question one of the few ‘iron laws’ of political science — that first-past-the-post electoral systems produce stable governments based on two-party-dominated legislatures. One of the reasons why this does not happen is that the left-right ideological division that underpins politics in developed democracies is just not relevant to most Pacific societies. The multi-party coalitions that form the governments in most Pacific Island states are characteristic of proportional electoral systems, where small parties might hold a disproportionate influence.

The net result is that Westminster has provided an unstable political system for the Pacific. Of most concern is the ability of parliaments to bring down governments through votes of no confidence. In the absence of the backing of stable political parties, a prime minister must devote considerable time and energy to maintaining a parliamentary majority. This creates a major diversion from managing the process of government. The need to reward loyalty and attract new support has a corrupting influence on the political process.

The presidential alternative

Would a presidential system provide a better form of government than the parliamentary system for Pacific Island states? Ideally, a presidential model should provide for greater stability. The president is directly elected by popular vote for a fixed presidential term and during this time cannot be removed by the legislature except by impeachment. Accountability is advanced through the separation of powers between the executive, legislature and judiciary. To maintain this separation the president’s cabinet is chosen from outside the legislature. This potentially gives the president access to the widest possible range of talent. It is in contrast to the Westminster system, where ministers are drawn from, and are held accountable to, the legislature.

A further advantage of the presidential system is the leadership potential it provides. A president is well placed to deliver the strong leadership necessary to hold divided societies together. The requirement to campaign across the country should ideally have a unifying effect. This contrasts with parliamentary systems where the prime minister needs the majority support of members of parliament to remain in power, even though his election to parliament is dependent on local constituent support.

There are disadvantages with the presidential system. With the important exception of the United States, presidential systems have a poor track record. Research has shown that presidential forms of government are more than twice as likely as parliamentary systems to experience military coups. The division of powers in a presidential system can result in legislative logjams. It also contributes to excessive rigidity and inflexibility. It is, for instance, difficult to get rid of discredited leaders. On the other hand, the restriction on the number of terms of office might be wasteful of leadership talent. For example, the highly respected Jeremiah Tabai in Kiribati was not able to seek a further term of government.

There has been only limited experience of presidential systems in the Pacific. Just Palau and the FSM have executive presidents, although in the case of the FSM, the president is chosen by Congress rather than by direct election. An early agreement that the office of president should rotate around the four states of the federation has broken down.

Kiribati is an innovative example of a state seeking the best of both worlds. Those aspiring to be president must first gain election to the legislature, which nominates the presidential candidates. A nationwide poll follows. This blending of political systems has contributed to the success of Kiribati's small democracy. It is also noteworthy that the constitution of the autonomous state of Bougainville provides for a directly elected president.

It is interesting to note that parliamentary systems in Oceania function best when they operate like presidential systems with the focus on the leader. This was the case with a number of dominating leaders in the decade after their country's independence, including Ratu Kamasese Mara in Fiji, Michael Somare in PNG, Walter Lini in Vanuatu, and Solomon Mamaloni in the Solomon Islands.

Traditional systems

What role, if any, do traditional political systems have in modern Pacific Island government? As this question is dealt with in another chapter, the comments here will be brief. The importance of tradition and culture is stressed in the independence constitutions — but generally in sections confined to the preamble. The difficult issue of reconciling traditional and Western democratic systems has been generally avoided. It is also noteworthy that some 'traditions' might have their beginnings not in the deep past, but relatively recently. (Ewins 1998.)

A number of constitutions make provision for councils of traditional leaders to advise government on tradition, culture, language and land. These include Fiji's Great Council of Chiefs (ironically a product of the colonial era), the House of Ariki in the Cook Islands, the National Council of Chiefs in Vanuatu, and the Council of Iroij in the Marshall Islands. But the role of these bodies is limited, and generally does not challenge the imported Western political structures.

Samoa is a special case. At the time of independence, the traditional *matai* system was given a key role in the political system by restricting franchise and candidature rights to *matai*, the heads of families. Ironically, this restriction on Western forms of democracy was approved by a Western-style referendum held under universal suffrage. A further referendum held in 1990 introduced universal suffrage, but the restriction on candidates remains. Supporters of the *matai* system argue that it enhances rather than detracts from democracy by holding *matai* accountable to their extended families. But cases of the removal of *matai* for failure to perform their responsibilities are extremely rare.

While Samoa has largely avoided criticism for the undemocratic features of its constitution, Tonga has come under increased pressure from aid donors to implement democratic reforms. Tonga was never under colonial rule — which explains why its political structure continues to resemble a feudal monarchy. Under the current system, which dates back to the 1875 constitution, elections cannot change the government, which effectively remains in the hands of the King. Defenders of the current system argue that, whatever its democratic faults, it has provided political stability.

The examples of Tonga and Samoa suggest that the more traditional systems are also more stable. There is a lesson here for other Pacific states and aid donors. The price of democratic change, for instance in Tonga, is likely to be a period of instability. But this should not be a reason for compromising on the need for accountable government. It is important to ensure that appeals to tradition and culture are not used as a seemingly respectable shield to prevent the exposure of arbitrary or corrupt rule.

Conclusion

The use of alarmist terminology, such as ‘failed’ or ‘failing’ states, tends to convey an overly bleak outlook for Pacific Island states. It also carries the implication that the ‘fault’ lies with the island states. Political contention, however, has included periods of violence bordering on anarchy in only a minority of Pacific states, mainly in Melanesia. Most of the 14 independent and self-governing Pacific Island states are successful democracies. Compared with many other regions of the world, Oceania, except some parts of Melanesia, remains relatively peaceful and respectful of human and democratic rights.

Ethnic conflict is likely to continue in Melanesia, but it will be as much a result of the circumstances left by departing colonial regimes as the failure of local political leadership. Political instability will continue until the colonial borders and imported political systems are revisited.

There are positive and negative features in the Westminster and presidential systems, and different combinations will work or fail according to local circumstances. Looking to the future, there is a need for Pacific states to evolve and ‘own’ their political systems. Despite the urgings of the governance advocates, when it comes to political systems there is no ‘one size fits all’. Local settings must be taken into account. It is wrong for donor states to be overly directive, as they cannot appreciate the importance of local nuances. For instance, putting the Solomon Islands back the way it was before the 2000 coup is not a solution, no matter how many Australian and other outside police and administrators try to make it so. To be lasting and effective, the political systems that

emerge in the Solomon Islands and elsewhere in Oceania will need to be home-grown. This will take time. But efforts by outsiders to speed the process up are likely to be counterproductive.¹

Notes

- 1 For an extension of this argument, see John Henderson. 2003. 'The Future of Democracy in Melanesia: What role for Outside Powers?' *Asia Pacific Viewpoint*, Vol. 44, No. 3 (2003). pp. 225–40.

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Democracy and Its Prospects in the Pacific

Teresia Teaiwa and Malakai Koloamatangi

Introduction

In 2001, East Timor completed its formal transition to independence as Timor-Leste, after some 30 years of forced integration with Indonesia. In the meantime, groups inside and in exile from West Papua continue to strive for liberation of their nation. In 2004, a Coalition for Democracy ended Gaston Flosse's almost two decades of uninterrupted rule over French Polynesia: with a two-seat majority in the Legislative Assembly, the Coalition put Oscar Temaru, of the pro-independence political party Tavini Huiraatira, in the President's seat for five months. At the time of writing, a constitutional crisis looms over the French territory, with Flosse having lured one member of Temaru's Coalition across the floor; the dissolution of Parliament and fresh elections are likely. National sovereignty and electoral freedom are part and parcel of the democratic ideals that have been enshrined by indigenous rights groups in these Pacific nations. Not least among the observers who watch such developments with interest are sovereignty and indigenous rights groups in Aotearoa — among whom there is little consensus about the status of democracy as a political model for their futures; but the formation of a Maori political party to contest the 2005 elections is a landmark in the electoral history of New Zealand.¹

Alarms have been raised by events in other parts of the Pacific about the steady fragmentation of multicultural and multi-ethnic nation-states. Armed conflicts erupted in Fiji and the Solomon Islands in 2000 that involved the destabilisation and usurpation of power from democratically elected governments, as the culmination of long-standing tensions and perceived economic and social disparities between ethnic groups. As a result, many outside observers and some indigenous analysts are questioning the viability of the nation-state model in the Pacific.

In the din of such rhetoric, it is easy to overlook the valiant and persistent willingness among Pacific peoples to work for democracy. In this chapter, we strive not to make

this mistake. We consider the prospects for democracy in the Pacific, first by providing an outline of what democratic theorists consider to be the essential conditions of democracy. We then survey democratic realities in the Pacific, with a view to these conditions. Finally, we critically recount colonial attempts to democratise indigenous leadership models. The case of Tonga and Kiribati are discussed here as continuing attempts at democratisation. They also highlight the fact that indigenous models of democracy should be examined more closely by political commentators and analysts.

Conditions of democracy

Today, almost the whole 'civilised' world is 'democratic'. As a system of rule it has been praised and condemned. Democracy, as a way of life and a system of government, in which the people (the majority of them at any one time) are sovereign, has been conceptualised and treated differently by different people at different periods of history and for various reasons. But it is generally accepted that democracy is, in erudite phraseology, a 'contested' concept owing to disagreements about what it is (definition), how to recognise it when it appears (taxonomy), and why one form is better than another; indeed, why it ought to be institutionalised at all (justification): theorising democracy is difficult, making it doubly hard to replicate. One of the reasons for this re-examination, as we have indicated, has been the attempt to import democracy and implant it in non-Western countries.

It is tacitly and generally accepted, at least from a Western standpoint, that there are certain societal and institutional elements that are crucial to constructing democracy and these are found in developed countries such as the United Kingdom and the United States, which differentiate them from 'non-democracies'.² The absence of these components, to put it differently, makes democratisation difficult. Does this mean, then, that democracy can take root and grow only under some conditions but not under others?

The argument in favour or against this proposition depends to a large extent on the existence of the following indices of democracy. It is an old idea that the various structures of society form a logical whole and, in this case, that political democracy is underpinned by a socioeconomic ethic that is free and equitable. Seymour Martin Lipset (1959) made the seminal argument that there was a natural and logical connection between economic development (seen, for example, in the rise of living standards), legitimacy (rising living standards convince people of the moral efficacy of government) and democracy (the result of people's control of government, which was induced initially in a two-way relationship by government governing 'for the people'). It follows, then, that there is a strong linear relationship between economic development, democracy and legitimacy. Stable democracies were to be found mainly in Western Europe, where the conditions put forward by Lipset had reached a high level of development. A cautionary note that somewhat dampened the eulogising of the Western democratic virtue came from Robert Dahl, who classified Western democracies as in fact polyarchies, whereby 'regimes ... have been substantially popularized and liberalized ... highly inclusive and extensively open to public contestation' (Dahl 1971: 65).

In addition to socioeconomic conditions as an essential component, there are also contributing factors that could be classified as being strictly institutional in nature. There

ought to be, in the first instance, electoral democracy, where essentially the government is voted to power by the majority of the people by means of regular and honest elections; and through an electoral system that does not favour one group of voters over others. Rather, all individual votes should have equal weight (Sklar 1987: 691-4). Once the elections are decided, the principle on which the electoral system was established should be carried through into the process of government formation. This is the 'majority rule' tenet, whereby the 'majority' in parliament is asked, indeed required if a democratic government is to be created, to form the government. While in power, all government action and policy must be truly representative of the collective wish of the electorate which gives it its legitimacy and source of power. This responsive nature of a truly democratic government is to be constructed and nurtured by governmental and administrative accountability, which is in turn created by institutionalising the 'separation of powers' principle. A more meaningful delineation and extension of this principle is the idea that these separate, but interacting, centres of power would and should check and balance each other. In the event that the government of the day produces policies or conducts its affairs in a way that is undemocratic or unrepresentative of the people's wishes, there is, at least, the comforting thought that it is likely to be voted out in the next elections. An opposition party or faction in the parliament, however, would first oppose such actions by the government.³

The set-up just described, however, does not in itself guarantee political democracy, no more than does the presence of relatively high levels of economic development, if we take democracy to mean what it meant to its Greek creators and subsequent thinkers: the rule of the people. For what would prevent an undemocratic people from creating an undemocratic government or political system? Therefore, if political democracy is not to be created by political means, nor sustained by economic development alone, then surely, there must be other contributive sources. One of these is an efficiently functional legal system, usually referred to in connection with political democracy as the 'rule of law'.

This rule of law provision demands that all other methods of conducting or regulating state or civil affairs, such as convention, tradition, customary prescription and the like, are to be subordinate to it. It calls forth the creation and maintenance of legal norms, which are to be administered and enforced by an independent and impartial judiciary. The sources of such laws could either be of local manufacture, through the dictates of a constitution (which is partly a codification of custom) together with parliament for instance, or an outside source could be utilised, or both, as long as there are no inherent contradictions between the local and the introduced laws. And, as long as the laws thereby used ensured and enhanced justice, whatever way that might be made to mean by those it serves (though it is a given that to create a 'democratic' system of justice, democratic ideals must be its founding principles). Just as the judiciary is impartial, so too should be the laws and the officers who administer them, the judges. Their impartiality is important if they are to be of any value to political democracy — for an important part of their endeavours is the supervision of government action, usually through administrative law, to see that it complies with accepted legal precepts. Implicit in this depiction is the assumed function of the law: to protect the individual from

arbitrary government control. In this way, the judiciary is a significant component of the check-and-balance equation referred to previously. But again, the rule of law does not necessarily make a democracy unless the laws themselves are created on notions that are clearly democratic or would inevitably lead to it. For this (the source of democratic laws), we will have to look elsewhere. The cradle of such an inception is generally regarded to be culture, or more specifically, those elements of culture that are concerned with such matters: political culture.

Most writers on the process of democratisation agree on the importance of constructing a 'democratic' culture if democracy is to be created and sustained (Diamond 1993; Almond and Verba 1963, 1989; Pye and Verba 1965). Political culture could be taken to mean, more or less, a people's attitudes toward the political system and their roles within it. One of the classic studies, which dealt with the significance of culture, underscored the basic establishment of a civic culture. The civic culture was:

[N]either traditional nor modern but partaking of both; a pluralistic culture based on communication and persuasion, a culture of consensus and diversity, a culture that permitted change but moderated it. (Almond and Verba 1963: 6)

A civic culture, in other words, was a mixed culture, where citizens were required to be active participants in the political process, though they were allowed to maintain some of their more parochial, subjective attitudes. This would instil in them a moderate, therefore tolerant, attitude, which permitted change, but only if justified. Almond and Verba put it succinctly: 'The civic culture appears to be particularly appropriate for a democratic political system' (1963: 366).

Beyond the civic culture, however, others point to the importance of a mass culture committed to democratisation if it is to be established. The civic culture with its elitist connotation, in its birth and perpetuation, is too narrow a base to support democracy. A mass culture, on the other hand, so they argue, is important for two reasons. One, because not all of the cataclysmic and durable changes are imposed from above. Some of the time changes, or rather the pressure for change, can flow from the bottom up. And two, those who hold and exercise power — the political elites — are not exclusive in their membership: sometimes, due to social, economic and generational change, they draw their membership from a wider section of their constituencies (Diamond 1993: 431).

An intrinsic component of the cultural requisite for democratisation, and one that makes possible the inference of one from the other, is the idea of democratic personality. With assistance from psychoanalytical studies, some writers have offered specific 'frames of mind', or ways of thinking, which they consider to be crucial for moulding democratically thinking and democratically acting individuals. One such conception requires, for example, that an individual should not possess a rigid and exclusive mind-set, but an open mind that is tolerant, and indeed expectant, of change (Barbu 1956: 106-17).

Almond and Verba list other ways by which a democrat, or at least an aspiring one, ought to think and act. He or she will: be in possession of an 'open ego' and will have a 'warm attitude toward other human beings'; have a capacity for sharing values with others; have a multi-valued rather than a single-valued orientation, thereby becoming

more tolerant and understanding of other people's values; have trust and confidence in the human environment; be free from anxiety.⁴ What all these personal characteristics seem to add up to is the idea of accommodation, which is itself an outgrowth of a universally accepted system of rights and freedoms. Accommodation is most important where differences occur between individuals. And as conflict more often than not occurs within a society faced with, or undergoing, the throes of democratisation, accommodating other people's differences is all the more important as the basis of any personality or socio-cultural complex confronted with the inherent uncertainty that democratisation brings.

Democracy in the Pacific

So far we have provided the societal and political elements that thinkers from diverse backgrounds, in their search for predictability, have deemed as prerequisites for the development of liberal democracy. Two qualifying statements are of immediate importance here. One, theoretically the existence of these conditions does not guarantee successful democratisation, as democracy can be produced by other processes. And second, these are ideal constructs that may or may not correspond to reality. However, theorising democracy allows for conceptual clarification, which we will now compare and contrast with Pacific realities.

As mentioned earlier, recent political events in Timor-Leste, French Polynesia and Aotearoa/New Zealand bear testament to the utility of representative democratic systems for Pacific people's political goals and modern conceptions of wellbeing. We provide here a simple inventory of democratic elements of government in Pacific states (see Table 1). What it reveals is the extent to which former and current colonial powers retain political influence — even if that influence is largely symbolic. The head of state in French Polynesia, New Caledonia and Wallis and Futuna is the President of France; the head of state in American Samoa and Guam is the President of the United States of America; and Queen Elizabeth II functions through her respective representatives as head of state in the Cook Islands, Niue, Norfolk Island, Papua New Guinea, Pitcairn Island, Solomon Islands, Tokelau and Tuvalu. As long as there is a sense of autonomy or sovereignty on the ground or in-country, such 'remote control' governance seems not to engender too much resentment or concern. (Indeed, the sovereignty of Pacific states is more likely to be constrained by international monetary authorities and trade agencies than by the former colonial powers *per se*). And it is through such special relationships with former colonial masters that emerging nations can function.

The colonial heritage

Colonial powers are often credited with introducing the concept of democracy and its formal political apparatuses to the Pacific. However, colonial rule by definition could not be democratic. At its best, colonial rule provided a limited form of political representation and participation; at its worst, it provided none. In British colonial Fiji, a legislative assembly provided representation for Indo-Fijians and indigenous Fijians in the early 20th century, but it was dominated by propertied European citizens. In another colony,

the Gilbert Islands (now known as Kiribati), the British also attempted to encourage indigenous participation in governance by setting up an executive council at the national centre, and advisory councils on each island — this development came in the early 1960s after more than 50 years of colonial rule. Otherwise, most colonial systems allowed indigenous participation only insofar as it might enable the maintenance of colonial power, authority and order — indigenous people could participate as civil servants, police or local magistrates, but not as legislators. Of course, it could be argued that colonialism laid more subtle foundations for democracy in the promotion of modern formal education, monotheistic religion and capitalistic commerce. But while the strongest rationale for colonisation throughout the Pacific was economic gain and development for the colonising power, the region's history of colonialism and decolonisation has challenged theories of correspondence between economic development and political democracy.

Representative government

All of the 14 developing country members of the Pacific Islands Forum (Cook Islands, FSM, Fiji, Kiribati, Nauru, Niue, the Marshall Islands, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Samoa and Vanuatu) have governments based on some form of competitive representative electoral system. As a constitutional monarchy, Tonga has the most limited form of representation, with an unelected cabinet of 12 appointed by the King, and only nine seats in parliament available for general election (a further nine seats are filled by elections among 33 hereditary noble titles and estates). With the American congressional model prevailing in Micronesia or the northern Pacific Islands region, the British Westminster parliamentary model provides the foundation for most Pacific political systems; but some significant variations exist. In Fiji, for instance, an ethnically based electoral roll and system of parliamentary representation produces a situation of 'one person — two votes', where each voting-aged person must cast two ballots in his or her constituency — one for a candidate of their registered ethnicity, and one for a candidate standing in an 'open' seat. In Samoa, the region's oldest independent state since 1962, universal suffrage was not obtained until 1991 when the vote was extended from only *matai* or titled adults to all citizens of 21 years of age. Still, candidacy for 47 of the 49 parliamentary seats is restricted to *matai*, with two seats reserved for *'afakasi* and ethnic minorities not affiliated with village-based districts.

Elements of democracy

Commentators have criticised the adversarial methods of modern democratic systems in the Pacific for a number of reasons. There is a sense that the *mana* or dignity of hereditary chiefs is sullied when they enter into competitive party politics. Even though hereditary chiefs, especially in Polynesia, were, at least in the early days of independence, groomed for modern leadership, there have been significant cases in post-colonial Samoa and Fiji where constituencies have either petitioned or instructed their chiefs not to run for public office.

The 'first-past-the-post' system, also known as 'winner takes all' or 'majority rules', is used in most Pacific nation-states despite indigenous cultural traditions of decision-making by consensus. In 1999, Fiji introduced the alternative vote, a preferential voting system intended to lead to proportional representation of political parties in parliament. The failure of this electoral system in achieving a moderate government of national unity has been documented elsewhere (Fraenkel 2000).

Perhaps the greatest challenge laid down for democracy and its proponents in the Pacific is the development of a national constituency interest. As many observers have noted, there is little ideological depth to political party formation and activity in much of the Pacific; instead, communal, parochial or provincial interests tend to take precedence for politicians. Furthermore, the poor representation of women in parliaments across the Pacific indicates a widespread ambivalence about the purpose and possibilities of representative government. In 1999, Fiji peaked with eight women members of parliament; Kiribati with one woman in a 42-member parliament; and Samoa, Niue and Cook Islands with two women each in their parliaments. Overall, Guam is at the upper end with almost one-third representation by women in its 15-member legislature, and at the other extreme are Vanuatu and Solomon Islands with no women representatives.

The media are crucial participants in the development of democratic culture in the Pacific. To the consternation of monarchists in Tonga, Tongan migrants living abroad seem to be playing an active role in fostering democratic ideals, most notably in Internet chat forums. The concept of a free press has come under constant attack in the region's last remaining monarchy, with the New Zealand-based newspaper *Taimi o' Tonga* repeatedly banned from sale in Tonga in spite of judicial rulings on the illegality of such bans. In spite of the likelihood of incurring the wrath of their governments, Pacific journalists have been at the forefront of movements to keep elected representatives accountable: Kalafi Moala of *Taimi o' Tonga* and Sano Malifa of *The Samoa Observer* have received international recognition for their contributions to media freedom. Successive governments throughout the Pacific have not hesitated to attempt to limit or censor media coverage.

Pacific realities

It is fair to say that the democracies that are found in the Pacific are not liberal democracies. A democratic political set-up supported by a liberal base is not present in the Pacific, nor would it be easy to erect one given the conditions present. Civil societies in Pacific nations lack the civic cultures needed to sustain them as societies are, in places, governed by other motivations. The Samoan *matai* kinship system, for example, at times undercuts state authority and informs other areas of state-society relations (see So'o, 2000). Confidence in the rule of law has been severely undermined in the Solomon Islands, Fiji and Papua New Guinea, particularly in the past decade. Geographical barriers to coordination and administration in nations as vast and widespread as Papua New Guinea and Kiribati remain significant; but in general, rural and outer-island populations have yet to experience the full benefits of independence and democracy. As many commentators have observed, the institutions of democracy have been best exploited by urban, educated or business elites.

Serious economic and development constraints exist for Pacific nations: Niue and Cook Islands, by virtue of their constitutional relationships of free association with New Zealand, are faced with a shortage of human resources — with more of their people living in New Zealand than at home (20,000 Niueans in New Zealand and 1,300 or less living in Niue; 15,000 Cook Islanders at home, 25,000 in New Zealand). Many other islands lack natural resources and rely heavily on aid and remittances to sustain their economies. In some cases, cultural traditions compound the problem by inhibiting the sale of land through group ownership.

Although democratic regimes are present in the Pacific, it is clear that they lack the socioeconomic base from which to sustain the political structure. For example, Tuvalu is a model parliamentary democracy according to recent Freedom House surveys, but it is ranked by the United Nations as a least-developed country, with its very existence threatened by sea-level rise. Despite these harsh realities, it should not be all doom and gloom. At least, one could say, the institutional rudiments of democracy are present in most Pacific nations, if not the desire to become fully liberal democracies.

But it is perhaps self-defeating to persist in trying to fit Pacific realities into foreign models. Instead, what scope is there for Pacific people to strengthen their commitment to democracy by rediscovering indigenous precedents for modern values and processes? The Melanesian ‘big man’ system is often described as ‘meritocratic’ and egalitarian in its emphasis on achieved leadership, whereas Polynesian systems are characterised as hierarchical and hereditary leadership. Such broad generalisations do not account for incidences of hereditary title in parts of Melanesia, and instances of achieved leadership in parts of Polynesia. Paradoxically, influential literature on contemporary Melanesian politics suggests that there is unruliness or indiscipline in Melanesian approaches to democracy — best illustrated in the ‘arc of instability’ literature (see, for example, May 2003). Unfortunately, too much of the literature on Melanesian leadership also ignores the roles of women in promoting such meritocracy and egalitarianism for nation-building (see Douglas 2000); and most of the literature on state formation in the colonial era does little to illuminate the ways that timely attention to, rather than suppression of, minority interests could have prevented some of the major conflicts of the late 20th and early 21st centuries. Appropriate revisions of the history could perhaps contribute to a better understanding of energetic contestations and unexamined alternatives that underpinned state formation in the Pacific (see forthcoming PhD theses by Alice Pollard and Robert Nicole on Solomon Islands and Fiji respectively).

Indigenous dynamics — Tongan and Kiribati examples

We now offer an analysis of Tongan and Kiribati attempts at democratisation. The two countries are at different stages of development, having had different historical and cultural experiences with democracy. Although there are some elements that are common to both, their value lies in their differences as they represent examples of the search for indigenous variants of democracy.

The contest between reformers (a more embracing term than democracy activists) and the status quo in Tonga contains within it much of the conventional tension and

justification for democratic government, and democratisation generally. This includes the changing fortunes normally expected in such argument. Much of Tongan history before the formalisation of authority by the 1875 constitution was in fact fluid and accommodated challenges to authority (see, for example, Campbell 1989). This is in spite of the peaceful, orderly and patriarchal account that is recounted by tradition. Hence, the democracy versus monarchy duality is a variant of an existing tension. For example, at the time of writing (November 2004), people were still somewhat aghast by the announcement that the Government intended to appoint elected members of parliament — nobles and commoners — to cabinet at the end of the 2005 general election. It was remarkable for several reasons. No indication was given prior to the announcement that such a move was afoot. This came on the heels of such (characteristic) intransigent wielding of power seen earlier in the year when three senior ministers, including Clive Edwards, the powerful Minister of Police, were forced to resign without opportunity for defence, supposedly for incompetence. The Prime Minister, who is the monarch's youngest son, has stated that this ineptitude resulted in the Government's loss of some crucial litigation, which lost it quite a lot of money. Prior to this and, according to some opinion, partly responsible for the dismissals, the Government again underlined its unresponsive nature by deciding that Peau Vava'u (which is owned partly by Crown Prince Tupouto'a) should be given the sole licence to fly the domestic market. Criticisms arose from the fact that the 'one-airline' policy had been devised to allow the Government-owned Royal Tongan Airlines to monopolise the domestic air route but had then collapsed, making the continuation of the policy unjustified. The other reason, which was more emotionally charged, was that the other airline over which Peau Vava'u had triumphed — Fly Niu Airlines — was co-owned by private commoner businessmen: making the saga a classic '*eiki vs tu'a*' (chief vs commoner) confrontation. Other criticisms included the fact that the DC3s used by Peau Vava'u were more than 60 years old; the Fly Niu Dash 8s were newer and therefore safer.⁵

The catalyst for these latest developments and one that is credited partly with the dismissal of the three ministers was the series of manoeuvres the Government undertook that affected media freedom and independence in the kingdom. More importantly, it affected a Tongan's fundamental right of free speech as guaranteed by Clause 7 of the 1875 Constitution. The Government had justified its new policy of requiring newspapers to be registered and to follow additional criteria, such as the need for coverage to respect tradition, as its way of enforcing the right of private citizens to be afforded privacy, respect and dignity. It argued that newspapers, the critical *Taimi 'o Tonga* especially, had violated people's rights for too long. There was a need for clear rules to establish minimum ethical standards. And, to the Government's credit, there was certainly a need for this. However, it went about it in a way that seemed to target the *Taimi* particularly; for instance, by disallowing registration by publishers who were not Tongan or even publications partly owned by foreigners, which affected *Taimi* publisher, Kalafi Moala, who was an American citizen. Indeed, it allowed the *Kele'a*, a more radical broadsheet, to continue because it was Tongan-owned. Moreover, it attempted five times to challenge the Supreme Court's ruling that the Government, in this case the Privy

Council, did not have the power to formulate policy that seemed to contravene Clause 7. Finally, Parliament successfully adopted the Media Operators' Act in July 2003, which limited foreign ownership of newspapers to 20 per cent, thereby effectively outlawing the *Taimi*. This victory was further enhanced by amendments to Clause 7 later in the year, which required licensing of the newspaper industry along stricter lines, but which gave rise to a rare public demonstration. This was, however, a Pyrrhic victory, as the *Taimi* and other 'foreign-owned' newspapers are again on sale in the kingdom after a judicial review of the constitutional amendment.

The Government's intention to install the new ministers should be seen against this background. At other times, the Government justifies the maintenance of the status quo with what it deems necessary to generate economic development. It seems to adhere to the 'Asian' model of partial democratisation while development is targeted through public sector reform and providing incentives for entrepreneurship in the private sector. It often points to the free market environment within which Tongan businesses operate and the equitable laws to facilitate this. The monarch as well as other members of the royal family pointedly argue that an impoverished democracy is not worth having — and that it would be better for political democracy to be deferred while standards of living are improved, providing a more sound foundation for political reform.

The latest government proposals should also be seen within another context. This is the fact that the announcement, despite some uncertainties, goes some way to satisfying one of the fundamental concerns that reformers had even before the inception of the pro-democracy movement, now the Tonga Human Rights and Democracy Movement. We refer to the enduring call for greater popular participation in government. 'Akilisi Pohiva, the acknowledged leader of the democracy movement, and others had begun to make this demand in 1987 when he was first elected to Parliament. For a long time, the call was simply to increase the number of commoner members of parliament in order to achieve some semblance of parity with their general numbers. This has given way recently to a more comprehensive proposal, which in essence would see all 30 members of parliament directly elected by the electorate. The monarch would then be free to choose his ministers from those elected. The idea is that ministers and members would then be accountable to the people through elections. This is contrary to the present situation, where ministers are chosen by the monarch unilaterally and they hold their positions while in his favour. The Government's intention, of course, falls far short of the reformers' proposal and the details are yet to be worked out. It nevertheless offers some hope for further dialogue and accommodation.

As it is in Western societies, democracy remains most effective at a local level. In spite of the heavy patriarchal and androcentric character of indigenous political processes and structures, Kiribati has perhaps one of the strongest democratic cultures thanks to the confluence of its indigenous and colonial traditions of governance. Although anthropological orthodoxy holds that much of Kiribati language and culture is derived from Samoan migrations, it seems that those early migrants were keen to abandon the Samoan tradition of bestowing chiefly titles and enforcing social hierarchy. As a result, the southern and most populous atolls of Kiribati do not follow hereditary leadership — an

ethos exemplified in the name of the largest atoll, Tabiteuea (*e tabu te uea* — meaning, ‘chiefs are prohibited’). The proponents of chiefly status were banished to the northern atolls, where they were free to invest ‘kings’, and in some cases ‘queens’, with absolute authority. Yet, even in the north, local governance was practised as it was in the south through the forum of the *maneaba* or meeting house, where every clan and family could be represented (albeit by a male). This type of localised and family-based face-to-face democracy provides the foundation for one of the most stable political systems in the Pacific. At a national level in Kiribati, there is robust political competition and debate at the same time as there is a reluctance to allow political power to remain entrenched for too long. The first President of Kiribati, Ieremia Tabai, served three terms, successfully steering the nation through the first decade of independence, yet he has found it difficult to re-enter national politics after retiring from the prestigious regional bureaucratic position of Secretary-General of the Pacific Islands Forum Secretariat. Similarly, after serving two terms as President, Teburoro Tito was re-elected for a third term only to be ousted when his government’s budget was defeated and fresh elections were held in 2003. The finely honed vigilance of the I-Kiribati towards tyranny is proving a useful ballast through the turbulent seas of modern political life.

The relative stability and coherence of democracy in Kiribati no doubt owes much to countervailing economic planning and development. Whereas the type of indigenous democracy at work historically at the local level is based on a carefully cultivated subsistence economy, modern democracy has been buoyed by a combination of colonial, post-colonial and neo-colonial legacies. The colonial legacy for Kiribati’s economic development was a trust fund accumulated from British profits from the phosphate mining on the island of Banaba. This fund has provided a cushion and much-needed income from interest earned on the principal. A crucial post-colonial windfall for Kiribati came in the form of the 1982 Law of the Sea Convention, which recognised 200-mile exclusive economic zones for all coastal nations: for Kiribati, this meant that its 811 sq. km of predominantly arid low-lying coral atoll was expanded into 3,550,000 sq. km, making it one of the largest nations in the Pacific, with particular claim to valuable fisheries within its territory. At the same time, Kiribati has maximised its oceanic legacy by also exporting its human resources — more than 1,300 I-Kiribati men are currently registered as seafarers working overseas, and remitting close to \$A12 million annually (Borovnik 2004). Kiribati has also negotiated strategically with competing aid donors — managing to reduce its per capita aid dependence in the past decade, as well as diversifying its sources of aid by reducing its reliance on ‘traditional’ donors such as Australia, and playing off rival powers China and Taiwan. Although Kiribati, like Tuvalu, remains one of the Pacific’s least-developed countries, what economic development it does have seems to adequately support political democracy. Whether there are aspects of Kiribati’s political and economic development that might be exported to other Pacific nations remains to be seen; and indeed, the very idea of importing and exporting models is one we would hope to question. Clearly, not enough attention has been paid to the potential of indigenous and locally grown systems and processes to adapt successfully to modern political and economic realities.

Conclusion

The development of a Western conception of liberal democracy in the Pacific has been greatly uneven and difficult: democratisation in Kiribati and Tonga exemplifies this complexity — one is affected, for example, by physical constraints but is nevertheless sustained by a democratic cultural ethic, while the other faces human-devised obstacles despite the existence of historical precedents for reform. This means that indigenous variants are more likely where an accommodation is increasingly sought between local and foreign models. Indeed, such a fusion can be seen already in, for example, developments in law, where a conscious effort is made to placate both customary and modern concerns. We suspect, however, that there are demarcation boundaries that form the melting points for each Pacific nation, where one side would consist of those ‘universally’ accepted elements of democracy without which systems would be undemocratic, while the other side would constitute local institutions and norms. Herein lies the future of Pacific models of democracy, which underscores one of the basic tenets of democratic government: ‘certain uncertainty’.

The relentless march of globalisation and the intensifying hegemony of multinational corporations and international monetary organisations are making people all over the world — exemplified in the first few years of this century by demonstrators at World Trade Organisation meetings in Seattle, Genoa and Doha — demand more and better representation in and from their nation-states. Indeed, the relationship — fragile as it might be — between political participation and economic development lying at the heart of our consideration of democracy and its prospects in the Pacific, might eventually reveal that participation is not just about prosperity, but has more to do with morality and a living culture.

Appendix

Political Systems of the Pacific

Country	System	Chief of State/ Head of Govt.	Voting	Comments
American Samoa	Bicameral Fono – Senate (18), House of Representatives (21); four-year terms.	President of USA/ Governor of American Samoa	18 yrs; universal	Members of Senate are elected from among local chiefs; 20/21 in House of Reps from popular vote; 1/21 appointed from Swains Island.
Cook Islands	Unicameral (25); five-year terms.	Queen Elizabeth II/ PM of Cook Is.	adult; universal	House of Ariki has purely advisory role; Queen's representative appointed.
Federated States of Micronesia	Unicameral Congress.	Elected President is chief of state and head of govt.	18 yrs; universal	14 seats – four from each state to serve four-year terms, 10 from single-member districts to serve two-year terms.
Fiji	Bicameral; five-year terms.	President appointed by Great Council of Chiefs/ elected PM	21 yrs; universal, compulsory	Great Council of Chiefs advises President; 34 Senate seats appointed by GCC, nine appointed by Pres., one by Rotuma Council; 23 House of Reps seats for Fijians, 19 for Indo-Fijians, three for 'others', one for Rotuma, 25 open seats.
French Polynesia	Unicameral (57 seats); five-year terms.	President of France/ elected President of Territorial Govt.	18 years; universal	One seat in French Senate; two seats in French National Assembly.
Guam	Unicameral Legislature (15); two-year terms.	President of USA/ Governor of Guam	18 yrs; universal	One non-voting seat in US House of Reps; the Guam electorate cannot vote in US Presidential elections.
Kiribati	Unicameral Maneaba ni Maungatabu (42).	Elected President is chief of state and head of govt.	18 yrs; universal	39 elected by popular vote, one attorney-general appointed, one representative from Banaba appointed plus one other.
Marshall Islands	Unicameral Nitijela (33); four-year terms.	Elected President is chief of state and head of govt.	18 yrs; universal	
Nauru	Unicameral Parliament (18); three-year terms.	Elected President is chief of state and head of govt.	20 yrs; universal, compulsory.	
New Caledonia	Unicameral Territorial Congress (54); five-year terms.	President of France/ elected President of Territorial Congress	18 yrs; universal	New Caledonia also elects two seats to the French National Assembly.

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Political Systems of the Pacific continued

Country	System	Chief of State/ Head of Govt.	Voting	Comments
Niue	Unicameral Legislative Assembly (20); three-year terms.	Queen Elizabeth II/ elected Premier	18 yrs; universal	Of 20 seats – 14 village reps and six from common roll.
Norfolk Island	Unicameral Legislative Assembly (9); three-year terms.	Queen Elizabeth II/ elected Assembly President and Chief Minister	18 yrs; universal	Legislative Assembly members elected by electors with nine equal votes each but only four votes can be given to any one candidate.
Palau	Bicameral Parliament (Olbiil Era Kelulau).	Elected President is chief of state and head of government	18 yrs; universal	Senate – nine seats to serve four-year terms; House of Delegates – 16 seats to serve four-year terms.
Papua New Guinea	Unicameral National Parliament (109); five-year terms.	Queen Elizabeth II through Governor-General/ elected PM	18 yrs; universal	89 seats from open electorate, 20 from provincial electorates.
Pitcairn Island	Unicameral Island Council (10)	Queen Elizabeth II through Governor/Mayor	18 yrs; universal w/ 3 yrs residency	Five seats elected by popular vote and have one-year terms, one nominated by five elected members, two appointed by Governor including one seat for Island Secretary, the Island Mayor, and a Commissioner liaising between Governor and Council.
Samoa	Unicameral Legislative Assembly/Fono (49); five-year terms.	Head of State appointed by Legislative Assembly/ elected PM	21 yrs; universal	47 seats, village-based electoral districts with only chiefs (matai) standing for election; two elected by independent non- village affiliated voters.
Solomon Islands	Unicameral National Parliament (50); four-year terms.	Queen Elizabeth II through Governor-General/ elected PM	21 yrs; universal	Single-member constituencies.
Timor-Leste	Unicameral National Parliament (min. 52 seats, max. 65); five-year terms.	Elected President/ elected PM	17 yrs; universal	First parliament elected in May 2002, consists of 88 members on an exceptional basis.
Tokelau	Unicameral General Fono (48); three-year terms.	Queen Elizabeth II through NZ-appointed Island Administrator/three-member Council of Faipule rotates head of govt. duties annually	21 yrs; universal	15 members from each of three islands elected by popular vote, plus three island village mayors (pulenuku).

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Political Systems of the Pacific continued

Country	System	Chief of State/ Head of Govt.	Voting	Comments
Tonga	Unicameral Legislative Assembly or Fale Alea (30); three-year terms.	King Taufa'ahau Tupou IV/ PM appointed by King	21 yrs; universal	12 Cabinet ministers appointed by King; nine nobles appointed by 33 nobles; nine elected by popular vote.
Tuvalu	Unicameral Parliament or Fale I Fono (15); four-year terms.	Queen Elizabeth II through Governor-General/ elected PM	18 yrs; universal	
Vanuatu	Unicameral Parliament (52); four-year terms.	Elected President/ elected PM	18 yrs; universal	National Council of Chiefs or Malvatamauri advises on matters of culture and language.
Wallis and Futuna	Unicameral Territorial Assembly	President of France through High Administrator/ President of the Territorial Assembly	18 yrs; universal	Three traditional kings with limited powers (who also form part of the membership of Cabinet along with three others appointed by the High Administrator); Wallis and Futuna elects one member to the French Senate and one deputy to the French National Assembly.

Notes

- 1 New Zealand occupies a unique position in the history of democratic rule in the Pacific; and the levels of representation by MPs of Pacific heritage in the past two parliaments have been notable (four MPs — one National and three Labour in the Parliament of 1999–2003; three MPs — three Labour in the Parliament of 2003–05.)
- 2 We would prefer to frame the argument in this way rather than the questionable manner that is employed by some people of defining democracy by examining what it is not in order to get at what it is. We do not intend to mask the variety of democracy by being dismissive of its existence elsewhere: in fact, it is precisely its 'easy' kinship with other forms of rule that makes it attractive to non-Western societies, including Pacific nations.
- 3 There is disagreement about the value of such an opposition party, or that of a party in the process of democratisation.
- 4 An important study regarding the connection between a democratic personality and a democratic culture was A. de Tocqueville, 1956, *Democracy in America*, New York. De Tocqueville had argued that the America of the 1830s was a democracy because its culture and social structure were conducive to democratic government.
- 5 The King, in his domestic travel, flew with Fly Niu.

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Culture and Governance in a Future Pacific: The case of Samoa

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Introduction

This chapter is about governance in Samoan culture. The questions asked are: what is the nature of Samoa's governance system? What issues are there in Samoa's governance system that need to be addressed in a future Samoa? What lessons can be drawn from Samoa's governance experience for a future Pacific?

Broadly defined as the way things are done in Samoa, culture (or *fā'asāmoa*) encompasses sociopolitical aspects of Samoan society. The latter makes up Samoa's governance system, and, because it revolves around *matai* (titled people), it is called the *fā'amatai* or *matai* system. Although *fā'asāmoa* and *fā'amatai* are sometimes used interchangeably in the literature, the latter refers specifically to leadership, decision-making processes and practices associated with *matai*. Therefore, governance in Samoa implies the *fā'amatai*.

Samoa's governance system

Matai titles are names that were established at different times throughout history and range in age from those established back in time immemorial to those created only recently. Once established, these titles are perpetuated and transmitted through generations of families. The *matai* system operates at five levels: the family, village, sub-district, district and national levels.

Family

A *matai* heads every Samoan family. Holders of *matai* titles are elected by members of their respective families for life. Only rarely, if at all, have holders been stripped of their

titles. Once elected and confirmed as a candidate for a family title, the new titleholder needs to be formally accepted into the village's council of *matai*, the *fono*.¹ This is done in a title-conferring ceremony called *saofa'i*. An additional requirement for a title to be legally conferred is for the first name and title of the titleholder, and of those who sponsored his election, to be published in the Government newspaper, *Sāvali*. If no complaint is lodged with the Land and Titles Court against the newly conferred title within three months, the title is legally confirmed. Only then can the titleholder legally use the title and claim all the cultural privileges associated with it.

A *matai*'s responsibilities include representing the family in the *fono*, settling family disputes, protecting family interests (such as family lands and titles), upholding and advancing family prestige and honour, and providing leadership. Therefore, the *matai* should be looking after the collective interests of the family and not just his own, those of his wife and children, his sisters and brothers. This ideal should be expressed in the allocation of family land for immediate and long-term use by family members, in the redistribution of goods obtained in the reciprocal process of gift-giving, and so forth. The ideal is to uphold and perpetuate collective values for the benefit of all family members vis-a-vis individualistic values. Lessons on respect for one's elders, upholding mutual respect between brother and sister, knowing one's place within the family and position of responsibilities, respect for the *matai* and his wife and so forth are initially taught and learned in the family. Successful achievement of these cultural objectives contributes to order, peace, security and the wellbeing of family members, which in turn contribute to order, peace, security and the wellbeing of the village and country generally.

Village

The majority of Samoa's population of 175,000 live under the traditional authority of the *fono*. There are 238 village governments in Samoa.² Although there are slight variations in village structures and composition, most have the same features and functions.

The *fono* governs every village. Like the modern state, the *fono* performs the functions of the legislature, the executive and the judiciary. Its ultimate responsibilities are the village's wellbeing and security. A generalised *fono* structure would consist of *matai* numbering between 20 to 60, or even more. All *matai* titles belong to the two categories of *ali'i* and *tulafale*. Generally, *tulafale* give traditional speeches on behalf of the *ali'i* and perform the general functions of an executive. *Ali'i*, on the other hand, deliberate on important decisions and uphold the prestige and dignity of the village as a whole. In most cases, they are the village's genealogical link to the country's 'royal' lineages. In ancient times, when most serious issues of dispute were settled on the battlefield, it was around the various branches of 'royal lineages' that support for war and candidates for titles of high rank and authority were rallied.

In the context of the modern state, *fono* are indispensable. It is through village governments that central government projects are implemented in rural areas. *Pulenu'u* (village mayors), elected by their respective *fono*, are paid a modest salary by the Government through the Ministry of Internal Affairs. They become the intermediaries between the Government and *fono*. Village governments are assets to the state. For example, escaped prison inmates were captured and returned by one village to the

custody of the Ministry of Police after public appeals to that effect. Moreover, the implementation of government social service programmes in rural areas depend on the cooperation of *fono*. For example, the Government provides salaried teachers for village schools while villages are responsible for building their own schools. In most villages, they also provide accommodation, morning tea, lunch and dinner for teachers on a daily basis. Similarly, the Government provides salaried district hospital doctors and nurses, medical equipment and medicine, while districts (comprising several villages) provide hospital buildings and are also responsible for the personal safety and security of doctors and nurses.

Below the *fono* are other sub-village organisations comprising the *auluma* (daughters of the village who no longer attend school), *taulele'a* (sons of the village who no longer attend school and who are not holders of *matai* titles), *faletua ma tauti* (wives of *ali'i* and *tulafale* respectively, that is, wives of *matai*), and *fafine laiti* (literally, junior wives, who are the wives of untitled men residing in the village). Government programmes that encourage the construction and maintenance of village plantation roads, among other programmes, are the responsibilities of *taulele'a*. Government beautification programmes to encourage village cleanliness and provision of several village necessities, such as various categories of mats plaited from pandanus and coconut leaves, are the combined responsibilities of wives of *matai* and *taulele'a*, and the *auluma*. Widely acknowledged as the *mālosi* (strength) of the village, *taulele'a* uphold and defend the honour and strength of the village by going to war, if necessary, with any individual or group of people who might undermine or challenge village honour and authority.

It is also the responsibility of the *fono* to ensure a sufficient supply of resources for the village on a daily basis. For example, occasionally, the *fono* specifies a day on which all untitled men's gardens will be inspected. The purpose of the exercise is to make sure that no village families will run out of food. Likewise, the *fono* will sometimes put a ban on the fishing of its lagoon, harvesting of coconuts, hunting of a particular species of bird, and so forth. Such bans allow time for young coconuts to ripen sufficiently before the next harvest, for fish to grow bigger before the lagoon is fished again, or for a particular species of bird to multiply and grow in size before it is harvested again. Thus, such temporary bans are a way of managing village resources. The *fono* can also make public announcements in the media to ban people from other villages fishing its lagoon and hunting the birds of its land. Again, the aim of the exercise is to preserve and utilise wisely village resources for the benefit of its residents.

Settling village disputes and ensuring protection from outside threats are among the most important security responsibilities of the *fono*. Disputes that cannot be settled at the family level are brought before the *fono*, whose responsibility it is to try to solve them by first examining the cause of the dispute, identifying the people in the wrong, and then either reprimanding or punishing the culprits. Village punishments can range from cash fines (given to the village council to be used in various village projects) of any amount between \$ST50 and \$ST500, demanding the family of the culprit provide food for the village, suspending the culprit from participation in village affairs, or expelling the culprit from the village either for a specified time or indefinitely. The kind of punishment given

and its severity depends on the seriousness of the offence as determined by the *fono*. Village protection dictates the formulation and enforcement of policies relating to night-time curfews, bans on the sale and consumption of liquor, vehicle speeding in the village and so forth.

Qualification for village protection, secure supply of resources and guarantee of peace is the rendering of *tautua* (village service). Such service is given to all traditional village organisations of which one is a member. For example, if one is a *matai*, his service is rendered to the *fono*; if one is a member of the *taulele'a* organisation, his service is given to that organisation, and similarly with villagers who are members of the *aualuma*, *faletua ma tautua* or *fafine läiti*. *Tautua* could be in the form of financial contribution, provision of food for continuing village functions and so forth. *Tautua* as such in return for village protection and security could therefore be equated to paying tax in the modern state in return for all state services for which its citizens are entitled.

Sub-District

Although sub-districts are not as active now as they were in the past, elements of sub-district governance still exist and are invoked in certain modern contexts, such as when deciding boundaries for electoral constituencies in the modern state and when campaigning for parliamentary elections.

A sub-district is a geographical area occupied by people who, before modern times, acquired an independent identity, although they are still part of the larger unit, which is the district. A sub-district comprises several village settlements administered separately by their own *fono*. More often than not, people who reside in a sub-district can trace their descent (in terms of *matai* titles) to a common ancestor, which is the main factor that unites villages as a sub-district. Additionally, villages in a sub-district have been culturally allocated certain roles and status in the sub-district hierarchy of titles and associated responsibilities.

Sub-District L illustrates these points. It consists of five villages. Village I is the village of orators (*tulafale*). Its role is to give speeches and to coordinate and administer the affairs of the sub-district. In inter-sub-district functions, it speaks on behalf of Sub-District L. Villages II, III, IV and V are occupied by people whose titles' descent could be traced to the paramount title of the district. Even though there are also *tulafale* in Villages II-V, their primary responsibilities are to their respective *fono*. Similarly, even though there are *ali'i* in Village I, its other traditional role is giving speeches on behalf of the sub-district, among other sub-district responsibilities.

District

By the time of European contact in the 19th century, Samoa had 11 distinct political divisions. These political divisions still exist today. Six are on Savai'i, four on Upolu and one comprises the islands of Manono and Apolima and their extensions on the north-western coast of Upolu. Every district has established administrative structures and lines of communication, a capital village and at least one paramount title, which it confers.

The districts of Upolu and their paramount titles are *Tui Ä'ana* in Ä'ana, *Tui Ätua* in Ätua and *Mälietoa* in the central district of Tuamasaga. Their capital villages are

Leulumoega, Lufilufi and Afega respectively. Later in history, another district was established in Ātua called Vā'a-o-Fonoti. The six districts of Savai'i are Fa'asalele'aga (whose capital is Sāfotulāfai), Gaga'emauga (whose capital is Sāle'aula), Gagaifomauga (whose capital is Sāfotu), Itū Āsau (whose capital is Āsau), Palauli (whose capital is Vailoa) and Sātupa'itea, whose capital is Sātupa'itea.

The capital of a district administers and coordinates the affairs of the district, and confers its paramount title. For example, Leulumoega, capital of Ā'ana, is occupied predominantly by *tulafale* whose orator group (*fale'upolu*) is called *faleiva* (house of nine). *Faleiva* confers the *Tui Ā'ana* title and administers the affairs of the district, among other responsibilities.

National

Before the arrival of Europeans in the late 18th and early 19th centuries, Samoa did not have a tradition of a permanent 'national' system of government in the sense that the country was administered permanently from a central headquarters. Instead, a system existed where a district under the leadership of its paramount titles, which conquered another district, would establish a kind of 'central' government. This ad hoc arrangement, however, would last only as long as the victorious district was able to maintain power. Once successful in the battlefield, the new victors would establish dominance over the island group or a significant section of it until they in turn were defeated.

In peaceful times, however, a national system of dispersed power administered by capital villages of the 11 political districts formed the country's political system. In the 19th century, when there were attempts to have a modern national government under a monarch, the orator groups of the 11 political districts played a dominant role. These orator groups are collectively known as *Tumua ma* (and) *Pule*, *Itū'au ma* (and) *Ālataua*, *Āiga i le Tai ma le* (and) *Vā'a-o-Fonoti*. *Tumua* implies the capital villages of Ā'ana, Tuamasaga and Ātua districts. *Vā'a-o-Fonoti* refers to that district within Ātua. It was established in the late 16th century after a war in which the paramount titleholder of the time, Fonoti, was victorious, thus the name *Vā'a-o-Fonoti* (the longboat of Fonoti). The designation *Vā'a-o-Fonoti* was awarded in recognition of the bravery of the people of this part of Ātua district, who sided with Fonoti in that war. *Pule*, on the other hand, implies the capital villages of the six political districts of Savai'i. The 11th political district is Aiga-i-le-Tai, already explained. In times of war and when soliciting support for candidates to succeed to district titles and the kingship in pre- and post-European contact respectively, negotiations were carried out by orator groups of capital villages on behalf of their districts.

Besides the orator groups, which are *tulafale*, there is also the traditional institution of *Āiga* (royal lineages), whose descendants do not always reside in the same district. *Āiga* in this context refers to the descendants of district paramount titles and are therefore *ali'i* titles, although some *āiga* include *tulafale*. When Samoa became independent in 1962, the highest political offices of state were held by the four highest-ranking titles in the land, which are *Mālietoa*, *Tupua*, *Matā'afa* and *Tuimaleali'ifano*. *Mālietoa* and *Tupua* became joint head of state, *Matā'afa* was Prime Minister and *Tuimaleali'ifano* occupied the Council of Deputies or Deputy Head of State Office. These titles are called

Tama-a-’äiga, literally, sons of ‘royal families’. Royal families in this context means families from which successors to district paramount titles are elected.

Even though they have not been incorporated as legal institutions of state, village governments, *tumua ma pule*, *’äiga* and paramount titles continue to exist alongside the legal institutions of state. They still have significant influence in the political affairs of Samoa and Samoan culture generally. For example, 90 per cent, if not more, of protest marches against government policies are organised and led by the framework of *Tumua ma Pule, ma ’Äiga*. This was the situation in the protest marches of the mid-1990s against the introduction of the Value Added Goods and Services Tax (VAGST) and the reduction of the term of office of the Controller and Chief Auditor from a life term to a three-year contract. The protest march had some success in that it pressured the government into reducing the tax on some goods and removing it from others. Its other aim of undermining and eventually overturning the democratically elected Human Rights Protection Party (HRPP) government was not successful. This objective was later dropped from the protest agenda when the means of achieving it were judged illegal and unconstitutional by legal and majority public opinion.

Issues

Family

Ideals do not always translate into reality. Therefore, it is important to understand some of the shortcomings in family governance in order to suggest ways of improving the situation. Among niggling problems associated with family governance are those relating to the election of titleholders, the daily administration of family affairs by titleholders, selfish interest of incumbent titleholders and unfair redistribution of reciprocated goods. Problems associated with some of these issues are directly related to the mobility of family members to the extent that some no longer reside permanently at the family’s original residence.

Ideally, all family members should have a say in the election of their titleholders. In reality, only senior members make those decisions. In some cases, family members who reside permanently or semi-permanently overseas insist that such family elections must wait until they are present. Often, these situations drag family elections to 10 or more years leaving the family title vacant during all that time. A family whose *matai* is not represented in the *fono* would be in a disadvantaged position in that its interests are not being represented. It would be in the family’s best interest to try to involve as many family members as possible in title elections. Members who reside permanently overseas must either be present at family elections or trust resident members to make those decisions in the family’s best interest. For *matai* who reside permanently in the title’s residential village, they must consult each other on all family matters.

There have been cases of *matai* administering their family’s affairs for their own immediate family or personal interest. For example, one foundation titleholder (*sa’o*) published in the official government newspaper (the *Sävali*) in accordance with the *Land and Titles Act 1981* a notice whose ultimate effect was for his granddaughter to inherit an

important portion of family land. This particular piece of land is the traditional house site of that title. The title belongs to a huge family with several descendants residing in and outside Samoa. By cultural implication, this public notice could also mean that the granddaughter would succeed to the family title currently held by her grandfather, who was elected to the title by the whole family. The Land and Titles Court is doing a good job protecting collective family properties against self-interests such as the case cited here. It is important that the Land and Titles Court give public seminars in towns and villages to educate the public about their legal rights in order to minimise and eventually eradicate this tendency towards pursuit of selfish motives.

Village

Arguably, weaknesses in a village government are associated with some of its traditional structures and processes, which, ironically, are the same aspects of that system that have enabled it to survive to the present. The issue here is how to reconcile differences in values and expectations associated with an indigenous village government on the one hand, and accepted values of modern society on the other. As long as the two complement each other, there is no problem. However, experience has shown that irreconcilable elements of the two systems in extreme cases have sometimes resulted in fatal incidents.

A fatal incident in Lona village in Fagaloa district illustrates this point. Māta'utia, a *matai* of Lona village, had had a continuing dispute with his village going back 10 years. After trying to reconcile these differences, Māta'utia (who had been banned for life from the village during that time) and his family were in the process of making peace with and rejoining the village when Nu'utai Māfulu returned from New Zealand where he had lived for 20 years (*Observer*, 6 October 1993). A member of Māta'utia's family in his 40s, Nu'utai's attitude was to continue his family's stand-off with the village against the wish of the majority of his family. On returning from New Zealand, Nu'utai ran a small shop in the village and operated a bus business (*Observer*, 29 September 1993). Nu'utai's defiant attitude against the village angered the village *fono*, which resolved to expel him from the *fono*. Villagers were ordered by the *fono* not to buy from Nu'utai's shop or ride on his bus. In the district cricket championship match, Nu'utai played in the team of the village that beat the team of his own village, Lona (*Observer*, 1 October 1993). As far as the *fono* was concerned, the last straw came on Saturday night, 25 September 1993.

That evening, one of the villagers was sent to ring the bell to signal the start of the village's curfew. He could not get to the bell. Nu'utai stopped him from reaching the place where the bell was, claiming that because the bell was hanging on land that belonged to him (even though authority over that land was at the time disputed), he would not allow the bell ringer on to his land because the *fono* had stopped villagers from buying from his shop or riding on his bus. He told the bell-ringer: 'If you don't use my shop then don't come on to my land' (quoted in *Observer*, 1 October 1993). That was too much for the *fono*, which called an urgent meeting that night to decide Nu'utai's fate.

The urgent village council meeting at about eight o'clock that evening followed Nu'utai's gesture of personal challenge against the village's ruling and authority. The *fono* resolved to summon Nu'utai before it and that his shop and cars (bus, jeep and another vehicle) be burned. The *taulele'a* acted promptly on receiving their instructions. Nu'utai's

personal belongings were burned to the ground and destroyed (*Observer*, 29 September 1993). As stones were thrown at Nu'utai's house, he got down on his knees and pleaded with the *taulele'a* not to harm his wife and their four children, who were with him inside the house. The order for his wife and his children to be tied up as well was fortunately prevented by a village pastor's intervention. Nu'utai was then tied up and led to the *fono*. He was followed closely by his wife and their children (*Observer*, 29 September 1993). Just before he got to the place where the village *fono* was waiting, he was shot in the forehead at point-blank range by his first cousin, Selesele, who was in his 30s. Nu'utai's body was then carried to the *fono*.

In the aftermath of this sad incident, Selesele was charged with Nu'utai's murder. Forty-two members of the village appeared in court to face charges. Of the 42, six pleaded not guilty. The other 36 admitted to the charges, which included throwing stones, burning Nu'utai's bus, Suzuki jeep and another vehicle, burning Nu'utai's house and store, and for willfully damaging Nu'utai's property (*Observer*, 6 October 1993). The six *matai* who were charged in the Supreme Court with Nu'utai's death were aged between 52 and 77 (*Observer*, 2 November 1993).

Interpretations of the broad causes of the Lona incident are manifold. According to the highest-ranking titleholder of Lona village and Fagaloa district, Talamaivao Niko (who is a former police officer, former member of parliament and former Cabinet Minister), the cause of the incident was Nu'utai's attitude. Because Nu'utai had been in New Zealand for a long time and had money in Samoa, he acted differently. Moreover, given that boundaries in Fagaloa are unmarked, 'Nu'utai's action in stopping the ringing of the curfew bell was probably too much' (*Observer*, 8 October 1993). Talamaivao also blamed Nu'utai's death on the late Prime Minister, Tofilau Eti Alesana, whose HRPP government passed the *Village Fono Act 1990*. According to Talamaivao, the act gave village councils, like that of Lona, the right to mete out punishments. Talamaivao said that he had always maintained that this act would encourage villages to invoke traditional punishments, which in the present age would be considered barbarous and primitive (*Observer*, 8 October 1993).

What is more interesting in the context of traditional village governance are the arguments in support of the perspective of the council and Māfulu's first cousin. The often-stated argument is that *fono* would go to any extreme to enforce their authority. It would be an insult to the *fono* and the village as a whole if people under village authority could successfully oppose that authority. The *fono* is also worried that as soon as village people are successful in opposing its ruling, it would be the end of *fono* authority. There might as well be no village government at all and all Samoan citizens could be left under the authority of the state as provided for in the country's constitution. Though, ideally, the liberal architects of Samoa's constitution would prefer it that way, realistically the small number of police to enforce law in the country would mean that the state could not survive without the dual existence of village governments and their invaluable contribution to law enforcement, protection and security within the traditional framework of village sociopolitical structures. As a former Commissioner of Police, while in office, once said: 'The *matai* system was still the best one offering assistance to police' (quoted in

Observer, 22 October 1993). This statement was made not long after the fatal shooting at Lona village. Referring to a case where *taulele'a* of one village caught for the police five escaped prisoners, the same Police Commissioner commented: 'You won't find this sort of assistance anywhere else in the world' (quoted in *Observer*, 22 October 1993).

As Meleiseä has explained (1987: 214–20), an incident at Falelātai district was also directly linked to village authority. Tāriu's relationship with his village in Falelātai was a cordial one initially. However, it changed for the worse after Tāriu lost the defence, in the Land and Titles Court, of the title recently conferred on him by the Falelātai *fono*. Tāriu's cordial relationship with Falelātai changed after he realised that some of the *matai* who were present in his title-conferring ceremony sided with the parties that successfully challenged the conferral of the title on him. Tāriu refused to attend church. When the village punished him for this, he refused to pay his fines. Eventually, Tāriu was banned from the village and village people were ordered by the *fono* to boycott Tāriu's buses. Tāriu successfully challenged his village ban in the court. Falelātai was ordered to pay Tāriu money for the loss of his earnings, among other costs. The Falelātai *fono* was furious. They refused to pay Tāriu the money and they also refused to accept Tāriu back to the village.

Against this background, one of the Falelātai *matai*, Nanai Likisoe, was seen riding on one of Tāriu's buses. The order was immediately issued to have him tied up and brought before the village council, where a fire was lit on which Nanai was intended to be placed. A stick was put through Nanai's bound feet and hands. Nanai's treatment resembled the normal manner in which pigs are carried to be cooked in an oven. Nanai was dragged from his residence to the place of the village council meeting. The intervention of the village pastor prevented Nanai from being placed on the village oven. As Meleiseä (1987: 218) has argued:

Clearly the Matāutu [Falelātai] *fono* was acting in protection of their authority, and the severity of their punishments was to ensure that defiance of that authority — particularly by someone like Tāriu, a 'modern' man, a businessman, a man who had been to New Zealand — would not be imitated by others.

Meleiseä (1987: 218) goes on to quote Gilson, who has also pointed out that the importance of upholding the authority of *matai* in their own villages is the reason for many of their punishments, and it does not really matter what the offence is: what matters is that 'if left unpunished, [it] weakened Samoan confidence in village government'.

Section 6 of the *Village Fono Act 1990* allows a *fono* to impose punishment on its residents. The only way of checking the extent and appropriateness of that punishment is when the adversely affected person appeals the *fono*'s decision under Section 44 of the *Land and Titles Court Act 1981* (*Village Fono Act 1990*, Section 11). An increasing number of such cases have been brought before the Land and Titles Court, which has, in most cases, ruled in favour of the complainant. These court rulings would act not only as a deterrent against repetitions of such extreme village punishments, but would hopefully persuade *fono* against excessive use of power. Hopefully, in the long run, village governments will not resort to these extreme punishments.

Abuse of *matai* authority for personal gain could potentially render village authority meaningless, as well as bringing shame on that institution. The case of a decision made by the *fono* of Faleälupo village in the period leading up to the 2001 general elections comes to mind. The Faleälupo incident started with the incumbent member of parliament of Faleälupo wanting another term in office. The best way of achieving that aim was for the *fono* to officially declare that the incumbent MP was the only constituency candidate to contest its seat. If only one candidate is put forward, he/she is declared elected unopposed by the Chief Returning Officer. This seems to be the plan that one or perhaps two *matai* of high rank in Faleälupo's *fono* had in mind. However, when the plan was put to the *fono*, the rival candidate and his supporters objected. Because the *matai* who were executing the plan held positions of influence and power in the *fono* hierarchy, the rival candidate was given the ultimatum of either agreeing to withdraw his candidacy or being expelled from the *fono*. Expulsion from the *fono* would minimise the rival candidate's chance of winning his constituency's parliamentary seat.

The rival candidate would not bow to the bully-boy demands. He wisely exploited the rebellious members of the same village, who had recently been expelled after contesting successfully in the Land and Titles Court their constitutional right to establish a new Christian church in the village. Bad publicity of the incumbent MP's political ambitions and his seemingly selfish and power-abusing supporters helped the rival candidate's cause tremendously. In the end, the rival candidate defeated the incumbent MP by 613 votes to 601 (So'o 2002: 228-9). The rival candidate's victory could be interpreted as a defeat of the whole concept of village government and traditional governance generally.

Abuse of village authority also surfaces in campaigns for parliamentary elections. Although the incident discussed here is fairly common throughout the country, I shall use the case of Village V in the present discussion. In the period leading up to the general elections in 1991, Village V made a *fono* decision to support a particular candidate. After the elections, evidence was cited in the *fono* that some members of the village voted for a rival candidate. Those voters were punished (So'o 1993: 11).

The case of Village V is an example of how traditional values associated with collective *fono* decisions can clash with modern ideals of freedom of choice and the political right to vote for the candidate of one's preference. Ideally, Samoans would prefer that once a *fono* decision is reached, everyone should abide by it. It shows the extent of village unity, the strength of village solidarity and so forth. From the perspective of the modern state and human rights principles, however, such collective village decisions obstruct the individual's freedom to choose the parliamentary candidate of one's choice. It was in this context that the Government's Commission of Inquiry, appointed to examine Samoa's principal *Electoral Act* (1963) and its amendments, recommended that never again should custom interfere with the electoral process (Muli'aumaseali'i 2001). In other words, custom and tradition should be separated from the due process of parliamentary elections. Stated differently, village governments should be discouraged from exercising undue influence in the electoral process as stipulated in the *Electoral Act* 1963, Section 98.

Sub-District / District / National

After the adoption of the modern state system, traditional issues relating to governance at the sub-district, district and national levels have become relatively irrelevant. In the late 1980s, however, there were discussions relating to the issue of incorporating some elements of governance at these levels into the constitution. A negative response to a question in the 1990 referendum, which asked whether there should be a position for *Tumua* and *Pule* in the constitution, put an end to those discussions. Perhaps the only relevance of these particular political levels in the modern state system is that, as units, they have been subdivided to form the present electoral constituencies.

A Pacific future as extracted from the Samoan experience

Ideas of what a future Pacific could look like can be gleaned from the Samoan governance experience. Two points will be discussed in this context: the first relates to the continued existence of indigenous institutions and their associated practices and value systems; the second relates to alternative political set-ups that could be established.

Existing indigenous governance systems

The Samoan governance experience clearly shows the resilience of the *fa'amatai*. Some 200 years after the introduction of Western institutions, and despite the enforcement of Samoa's Constitution since 1962, the *fa'amatai* is still the predominant form of government in Samoa. What lessons for the Pacific can be learned from this experience? First: that indigenous institutions will not wither away overnight, if at all; and second, any future Pacific will have to take this factor into account.

For Pacific Island states whose indigenous institutions still exist and are still relatively strong, like those of Samoa, it would make sense that they are incorporated into the formal institutions of the state. The Samoan experience shows that indigenous systems have positive and negative aspects. Positive aspects must find a place in existing formal structures of state. Not only do these positive aspects govern the lives of the overwhelming majority of the population, but it is also through them that people make sense of life in their island world.

Negative aspects of indigenous systems, on the other hand, could either be ignored and allowed to wither away over time, or they could be improved on and even corrected so they could contribute positively to a future Pacific.

On the premise that indigenous institutions (and their associated practices and values), such as the *fa'amatai*, are elevated to a higher level of recognition as one possible means of improving existing governance systems in the Pacific, the next step is to recognise indigenous governance systems as one possible way of establishing regional links in the Pacific. It is fairly well understood that several Pacific Islands share certain common aspects of their societies. One such element of commonality is the existence of indigenous governance systems. For example, Tonga, Fiji and Samoa have chiefly systems. Positive aspects of these systems could be further developed, improved on and even corrected to accommodate modern beliefs and values.

These chiefly systems could then be used as a point through which links between societies could be established to discuss and agree on regional issues. Other points of

establishing links between Pacific Island societies are family connections. For example, despite the influence of the state system, which brings its citizens together into a unified and controlled unit, Pacific societies still remember and recognise their links through family connections. Several families in Fiji recognise their connections in Samoa. Likewise, Samoa recognises its family connections in Tonga and vice versa. There are also elements of culture that could form other points of linkage between Pacific Island societies. These could be tapped into for a better future Pacific if the present regional governance systems are not living up to expectations in terms of catering for the interests of Pacific Island societies individually and as a region.

Alternative governance systems

On the subject of how indigenous institutions could be of value in a future Pacific, there are four possible options available. The first is where a wholesale Western introduced system of government is imposed on existing institutions. No such system exists in the Pacific today, with the exception of those Pacific Island societies that are still under colonial powers. The second option is where the indigenous system has been adopted as the formal governance system of the state. No such system exists anywhere in the Pacific today. The third option is that where the indigenous system has been adopted as the state system into which elements of introduced systems (or an introduced system) are incorporated. No such system exists in the Pacific. The fourth option is where the introduced system has been adopted into which elements of the indigenous system are incorporated. This is the option that has been adopted by most Pacific Island countries, including Samoa.

In the case of Samoa, the Westminster model of parliamentary democracy has been adopted, into which elements of *fa'amatai* have been incorporated. For example, only *matai* could contest parliamentary seats with the exception of the two seats for non-titleholders whose descent could be traced to non-Samoan origin. Until 1988, only *matai* could vote in parliamentary elections. The four highest titleholders in the land, *tama-a-'āiga*, were accommodated in the constitution to hold the highest offices of state. Even though village governments were not formally incorporated in the constitution, commonsense and reality dictated that they be acknowledged and respected by the Government and the state generally.

A constitution that is a blend of introduced and indigenous elements gives rise to the question of balance. How much of each system would indicate a balanced blend of the two systems? What elements of each system should be selected? No doubt these questions were put on the table when Samoa's constitution was drafted. Overall, Samoa is a success story in that it has remained a relatively stable country since independence in 1962. It is perhaps the most politically stable country in the Pacific, with the exception of New Zealand and Australia. Even Tonga is experiencing serious constitutional issues.

However, Samoa has not been completely free of constitutional and political problems during its 40 years of independence. Remedies have been determined by the nature and persistence of these problems. For example, the proliferation of *matai* titles for the purpose of parliamentary elections has resulted in the public decision, through a referendum, that *matai* qualification for the ballot would be replaced by universal suffrage. As a way of tapping into resources at the disposal of village governments, the

practice of villagers electing their own village mayors, who would be paid an annual salary by the Government, encourages closer links between autonomous village governments and the central Government. Channels of communication deployed when implementing development programmes in villages initiated by the central Government utilise this link through village mayors. Mayors are intermediaries between the central and village governments. They are elected and therefore controlled by village councils, but are paid for by the central Government and are accountable to both.

Arguments are beginning to circulate in academic circles advocating a greater role for indigenous institutions and associated values in existing systems of state governance (see Huffer 2004; So'o and Huffer 2005). Ideas advocated by Huffer and So'o could result in two possibilities. One is where a new governance system is established in which indigenous institutions play a predominant role. It might result in replacing existing governance systems with a completely indigenous system. Alternatively, it could result in the incorporation of more indigenous elements into existing systems of the kind Samoa has adopted in its constitution. It might be more practical and realistic to follow Samoa's example than to adopt a completely new system founded on indigenous frameworks into which introduced elements are incorporated.

Notes

- 1 *Fono* can be used in plural and singular form.
- 2 Official information from Head of the Division of Internal Affairs, Ministry of Women, Community and Social Development (13 September 2004). In addition to the 238 Samoan villages, there are 28 other settlements that are not administered as traditional village governments. These settlements have been formed around the Apia area, comprising communities that live on privately owned land (*ibid.*).

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Navigating Passage Between Human Rights and Culture in Fijian Waters

*Ratu Joni Madraiwiwi*¹

THERE IS THROUGHOUT PACIFIC SOCIETIES profound scepticism, even suspicion, about the compatibility of traditional and cultural values with the concept of human rights. Many traditional leaders and nationalists make little effort to understand it. For their part, liberals and human rights activists would 'democratise' culture, custom and tradition, but without them, they are not who they are. The challenge is to find an acceptable medium that takes account of these different but valid points of view. In recent times, the clarion call of traditionalists in the Fijian milieu has been the perceived 'threat' to the essence of being indigenous Fijian that these values present, particularly in the emphasis given them by economically advanced societies as well as aid donors.

What is first required is an understanding of the meaning of these ideas to establish common ground, if possible. Custom, culture and tradition comprise of the knowledge, beliefs, folklore and social systems of a distinct ethnic community. The concept of human rights embodies the basic individual rights that are ours as of right, ie., by virtue of our humanity. In traditional societies, the rights of the individual were subject to those of the group or collective. Individual rights in an indigenous Fijian setting received little emphasis. Consequently, dissent was either suppressed or disregarded. This in itself presents an interesting conundrum for traditionalists as they attempt to cope with more direct and varied differences of opinion. Consensus is sometimes impossible to achieve but traditional culture and customs have yet to find appropriate means of mediating conflict in a way that incorporates dissent.

This dichotomy between traditional and modern societies is not irreconcilable because both have a like interest in 'peace, order and good government', if only because that assures their respective members of stability and wellbeing. Traditional Fijian society, like other Pacific societies, operated largely by consensus. This has often been criticised

as, in practice, the few who were qualified by status to speak made decisions on behalf of the many. Mobility was not as fluid as in some other societies. Yet within the ascribed roles people performed, there was a degree of flexibility. Leadership was restricted to the *turaga* or chiefs, but they also had to contend with each other for power and position. He who proved himself survived and prospered.

This is but one of several interconnections between the two perspectives that allows for a synthesis, which enables tensions between the two to be moderated. The result is an amalgam that allows our societies to move forward while retaining what assures identity and self-affirmation. There is also a point at which one has to recognise that tradition and culture by their very nature are resistant to the discourse on rights; for example, the notions of hierarchy, land ownership or chiefly titles. The appropriate response is to recognise and acknowledge that such practices and beliefs are subject to change.

In Fijian culture, custom and tradition, there is a holistic view of society, with the chiefs and the people forming an inseparable whole. '*Turaga na turaga ni tamata, Tamata na tamata ni tamata*' is an old Fijian adage, ie., the people are people of the chiefs, the chiefs are chiefs of the people. This symbiosis exists in the context of clearly defined roles for *turaga* or chiefs, *matanivanua* or heralds, *bete* or priests, *bati* or warriors and *mataisau* or craftsmen, *gonedau* or fishermen. These ascribed positions ossified upon colonisation in 1874. Within this system there existed a process of consultation loosely called 'consensus', for want of a better definition. In reality, it was agreement among those who made the decisions rather than involvement of the entire *mataqali*, *yavusa* or clan of the *vanua* or political unit.

To reflect and acknowledge the widening participation of the well-educated, women and youth in the affairs of the *mataqali* or *yavusa*, tradition and culture remain impervious to their detriment. Where there is an opportunity to allow these groups to be consulted, adjustments can be made without destroying the structures in place. To ignore or deny such developments undermines them. This is because they do not take account of social realities. The rationale for all values and attitudes, whether traditional or otherwise, is that they conveyed what was the nature of society at various points in time. The reason for these belief systems and values was that they were the most efficient means of allocating and distributing power and resources.

It is also important to understand that traditional Fijian society was not feudal in the sense understood in medieval Europe. Notwithstanding the hierarchy of chiefdoms, particularly in eastern parts of Fiji, there remained a remarkable accessibility of people to their chiefs, irrespective of their status. This populist element was also demonstrated by the various counterbalances to chiefly authority within a *vanua*. Thus, there were limits to absolutism. The chiefs exercised their power within certain limits. The *bete* or priests and the *qasenivale* or elders also retained some influence as did the *bati*, the warriors. The situation was also enlivened by the incessant intrigue and counter-intrigue that featured prominently in traditional Fijian politicking. This found different forms with the coming of Christianity and colonisation in the manoeuvring for favour and manipulation of these profound influences.

Human rights brings to this equation a broader foundation on which to ground tradition and custom. Ultimately, what is no longer practical or believed is discarded, just

as pre-contact religious beliefs, cannibalism and the more violent aspects of traditional society were discarded. The more inclusive embrace promoted by human rights advocates brings into the fold those that were previously outside it. By enabling those who were unheard to make a contribution to and to participate in society, a system of inclusive human rights allow more vibrancy in and strengthens the structure of society. This is not to demean or make light of the fears of the traditionalists. They are real. Those to whom some recognition needs to be accorded, however, do not wish ill on the structures that are their heritage. They merely wish to be heard and taken seriously. This aspect is often lost in the defensiveness of traditionalists.

The dialogue between the two requires engagement rather than a mutual wariness that serves no one. It is for human rights advocates to advance the cause in a non-confrontational manner. What is critical is to explain the essence of human rights: to accord everyone dignity and allow individuals to participate in decisions about their lives. These rights are not absolute. They are exercised in a context. Where contemporary definitions of human rights meet traditional culture and custom, there ought to be respect for the place the latter have in people's lives and the importance they ascribe to them. The accommodation between the two must necessarily lie in recognising the aspects of culture, custom and tradition that can justifiably remain untouched by matters of human rights. This will depend on the circumstances and the occasion.

As the impact of globalisation and the market economy strengthens, so the fears of the traditionalists are reinforced. These fears are shared in varying degrees by many Fijians, even if they are felt only subconsciously. However, there is no return to the old ways because that is not a feasible proposition. Engagement is necessary to allow Fijian culture, custom and tradition to adapt and to reflect social change. It will not be easy because their fears derive from the sense Fijians have of being 'overwhelmed', whether by colonisation, the Christian missionaries, the advent of indenture or the entire process of modernisation itself. However, such engagement needs to be undertaken to ensure the survival of what is intrinsic to indigenous Fijian identity: a sense of themselves.

Notes

- 1 This contribution was written by Ratu Joni Madraiwiwi when he was a lawyer in private practice in Fiji.

Law Reform and Development for Nation-Building in the Pacific

*Blaise Kuemlangan*¹

Introduction

It is only natural for a keen follower of development law to immediately focus on an issue related to that broad subject or to discuss a matter based on his current official portfolio and personal zeal, such as legislative implementation of international fisheries instruments, alternative law-enforcement options, enhancing participatory or community-based approaches in natural resource management or legislatively enabling the use of customary marine tenure in fisheries management in the Pacific. Any of these matters, however, would require a fairly involved discourse in order to ensure that the justified degree of analysis is accorded them. Despite this preliminary intuitive misgiving, the need to keep within the predetermined restrictions placed on the length of this discussion counsels the author to stay on familiar ground. In this context, writing this brief dissertation on the general need for sound development law in the Pacific (outside Australia and New Zealand) is unavoidable. The thesis submitted herein might be all too familiar in the Pacific region, but it should be restated in light of the prevailing socio-economic and political environment: law plays an important role in development and law reform institutions and programmes can contribute to the development of sound laws concerning current regional issues that must be addressed nationally.

The role of law in development

What is the role of development law in nation-building? The Development Law Service of the Food and Agriculture Organisation (FAO), in *Law and Sustainable Development Since Rio* (FAO 2002), in answering this question, puts it in its proper context:

The role of law in development has been perceived differently over time, ranging from a belief that good laws lead directly to development, to great scepticism that law

matters at all. Generalizations in this area are dangerous. In the first place there are many different legal systems, some of which accept change more easily than others. Each country has its own traditions regarding administrative law, the use of litigation and the role of the judiciary and other legal institutions. Moreover, the role of law in society varies enormously: in some countries legislation seems generally effective, while in others it appears to have little impact. Other sources of variation are almost infinite.

Nonetheless, the author, like his colleagues, who have worked as legal professionals in development worldwide, and contributors to *Law and Sustainable Development Since Rio* (FAO 2002), believes that law is essential to creating suitable enabling environments for government action and private initiative.²

Good laws and functioning legal institutions contribute to the predictability, security and flexibility needed to foster development. Conversely, poorly designed and implemented laws can inhibit effective action, by distorting incentives and discouraging appropriate interventions by government and civil society. Good law, of course, is only one among a number of elements that need to be in place for meaningful change to occur, but it is an important one — and judging from the amount of new legislation the past decade has produced, law's central importance is widely recognized. (FAO 2002)

That law is an essential instrument for national development is not a given if its soundness is not secured. This requires ensuring the quality of the process for legal reform, starting from analysing the substance of existing laws and their operation, weighing the importance of reform, to finding an appropriate solution.

The process of analysing the substance of the existing law requires answering the following basic questions:

- Does the law provide an appropriate positive regulatory environment for activities in support of sustainable development?
- Is the law relatively free of unnecessary regulatory constraints that could inhibit activities that are essential for achieving the goals of sustainable development?
- Are the mandates for different institutional actors clear, coordinated and desirable?
- Does the law enable the formation and empowerment of appropriate stakeholder organisations?

It should be noted of course that the answers to the above questions should always be placed in the context of the country concerned and the problems at hand. For example, a foreign regulation on telecommunications, which is adopted wholesale in its substance, could be complex and unnecessary in many of its regulatory aspects for the developing country concerned, but indispensable in the short term in order to regulate the mobile phone industry.³ And the problem with institutional actors might not be one of lack of clarity of their mandates, or with stakeholder organisations, the inability to form and empower such organisations, but the proliferation and dynamic nature of these entities.

Assessing the effect that the law has in its operating environment is the other important aspect of analysing its substance. This analysis is undertaken by asking: in what way does the law influence the behaviour of individuals and institutions? This step in the process of law review demands an awareness of the fact that laws often fail to achieve their desired effect due to: lack of political will; failure to anticipate the means and costs of effective implementation, including monitoring and enforcement; failure to recognise the limitations of legal reform in bringing about social and economic change; lack of understanding of or acceptance of the law by the regulators and the regulated; and weak judicial institutions.

The next step in the law review process is to analyse how easy or hard it might be to correct the identified constraining features, or at least to mitigate their impact. It is vital to identify what concrete technical and political measures are required to make the necessary changes, and what obstacles stand in the way. If the problems have arisen from the operation of the law, how can the defects in implementation be remedied?

The final step in the law review process is to find the appropriate solution. The dominant but erroneous view is that law reform is a matter for lawyers and law institutions. However, ensuring that law reform and development result in good law is not just a matter of finding technical solutions but requires the full involvement of all stakeholders — government and non-governmental institutions, communities, resource-dependent people and the private sector, in particular the constituents of private sector organisations or individuals. Broad participation in law reform not only improves the quality of the law, it is a major factor in improving its implementation. It helps create a legitimacy of the law and might stimulate organised support of the law and commitment to enforce it. It might remove indifference or passive resistance, which might impede implementation as effectively as active opposition does. At the least, participation publicises legislation in society at large, among those directly affected by it and those expected to enforce it.

The contributors to this publication provide a rich tapestry of global and regional issues that national laws can, and in some cases must, play a vital role in ensuring progress. Issues such as governance, resolving conflict over resources, protecting traditional and cultural values, ensuring democracy, creating better trade and investment climates and protection of the environment and sovereignty are but a few of the issues that require an appropriate enabling legal environment. To these can be added the other regional and development law reform issues identified by Justice Tuiloma Neroni Slade, including intellectual property rights, protection of traditional knowledge and genetic resources, the implications of multilateral trade rules, commercial and business environments, security (terrorism, money laundering, drug smuggling, trafficking of small arms) and international crimes (genocide, crimes against humanity and war crimes) (Slade 2004). It should be noted that many of these issues have been identified by the leaders at the Pacific Islands Forum and related ministerial fora⁴ as pressing issues that require immediate action.

In law reform, particularly in developing countries with inadequate resources to undertake comprehensive legislative reviews, it is a tempting and often easy prospect to

transplant foreign legislative models. While the process and substance of law reform and development can be guided by international instruments and norms or the experiences and models of other jurisdictions, law can be relevant and have legitimate character only if it is tailored to the situation of the country and broad participation in law-making is assured. Even the production of model laws, which merely requires inserting the name of the country receiving legislative drafting assistance in the place where it states, 'insert name of country here', should be discouraged.

Ensuring broad participation in law reform and tailoring the law to the situation of the country can be facilitated by law reform agencies, which, if properly constituted and functioning, will not only ensure the involvement of conventional institutions in the law reform process, but should have the ability to ensure that socioeconomic and cultural issues are considered and that the relevant stakeholder participates fully in the law development process.

The need for law reform and development agencies

It is the author's experience in the review of certain Pacific Islands' legislation or proposed legislation that there is a lack of relevant law reform agency studies and expertise in law review exercises, particularly in developing natural resource management legislative frameworks. If such a situation cannot be blamed on the deliberate or accidental exclusion of law reform agencies from recent legislative reviews in Pacific jurisdictions, there might be a worrying trend in deterioration of the state of law reform agencies or their relevancy to law reform and development in the Pacific. A reading of Justice Slade's *Law Reform Potential in the Pacific Area* (Slade 2004) would discourage a focus on the demise of law reform in the Pacific, for law reform Pacific-wide could deteriorate only if there were law reform and functioning law reform agencies in existence in the first place. Justice Slade uncovers the stark reality that law reform and law reform agencies have existed and functioned in the conventional form only in Fiji, Papua New Guinea and Solomon Islands and in lesser variations in the other Pacific jurisdictions. Out of the three, the Fiji Law Reform Commission appears to be the only fully functional law reform agency today. The Law Reform Commission of Solomon Islands was initially active until the departure of its chairman in 1995. Samoa and Vanuatu have not taken steps to establish their law reform agencies, although, like Fiji, Papua New Guinea and Solomon Islands, law reform legislation have been enacted in those jurisdictions. There is a Law Reform Committee in Tonga, which have been active from time to time. Nevertheless, it is worthwhile to review at least one example of the deterioration of a law reform agency for the lessons it might hold and to highlight the pitfalls, which, if they are not avoided, would render law reform agencies and programmes redundant.

Justice Slade (2004) also referred to a threat to law reform in the Pacific in the form of periods of hibernation by existing law reform agencies. It is the solemn view of this author that in the case of Papua New Guinea's Law Reform Commission (PNGLRC), it is not just hibernation — it is serious decay. The creation⁵ and operation of the PNGLRC in its early days occurred in accordance with the classic prescription for the establishment and sound operations of a law reform agency: creation by legislation,

allocation of financial resources to fund the agency's work, quality of its governing arm (commissioners) and secretariat (personnel), nature and scope of its work, independence and accountability, cooperation through relationships with other agencies with interests in law reform (civil service, legal profession, academia) and programmed operations (research, discussion of working papers, consultation, analysis of further responses and further research, internal policy paper and final report) (Murphy 2004). By the late 1980s and early 1990s, the PNGLRC had begun to experience a serious decline in its work caused by a suite of negative political interference and neglect through, among other things, the appointment of uninterested commissioners and secretary, a chronic lack of funds and other resources and total disregard by political leaders for the commission's then impending demise. The situation was such that a draft 1992 status report on the decline of the PNGLRC, manifested through the progressive reduction in the numbers of reports, monographs and working papers, was not published for want of funds. To add to the PNGLRC's woes, the establishment of the Constitutional Commission (CC)⁶ and its extravagant funding and personnel resources diverted attention away from the needs of the PNGLRC, which, in any event, should have been undertaking the kind of work outlined in the terms of reference of the CC. Justice Gibbs Salika had the unfortunate duty of describing the problems of the PNGLRC and its worrying state at a recent regional conference in the following terms:

The Commission has not received any new reference from the Minister for Justice during the two years 1998–1999. The continuous financial constraints and lack of logistical support continue to be the major problem faced by the Commission. It has deteriorated in these years to a point where even the basic needs such as water supply, telephone and fax services, transport, the air condition [sic] units and the general supply of stationery have not been consistently maintained ...

The function of the Law Reform Commission has, in the last few years, lost its objectives due to continuous neglect by the relevant authorities. It has therefore become ineffective and has taken the backstage in law reform and can be best described as defunct. Lack of the necessary expertise, manpower and logistics has greatly affected the operations of the Commission. Instead of giving the necessary financial support, the relevant authorities decided to create ad hoc committees to address law reform issues. The establishment of CRC, now CDC, is also an indication of lack of support to the LRC. One new body after another is being established, duplicating the roles and functions of the LRC at considerable costs and achieving very little for the country. (Salika 2000)

The PNGLRC's demise highlights the dangers of neglect or indifference to law reform programmes. It should be a warning to decision-makers that there cannot be sound law reform or development of legislative frameworks to advance fundamental national development issues that are often dictated by global and regional obligations or trends without an active law reform agency or programme. Indeed, in the case of Papua New Guinea, many law reform initiatives in the past decade, such as the revision of the Organic Law

on Provincial and Local Level Governments and the integrity of political parties, could have benefited from the input of a functioning law reform agency.

Regional coordination and implementation

Typically, law reform and development as well as law reform institutions are matters that belong to the national domain. How can regional collaboration ensure that appropriate action is taken at the national level? The approach advanced here is loosely based on the well-used aphorism, 'Think globally, act locally'. The Pacific region believes in and is not new to giving pragmatic application to this adage, coined by the global community for environmental protection and sustainable development. The region's success in areas such as fisheries management, where the internationally admired regional flagship, the Pacific Forum Fisheries Agency, which has been and should continue to be a forum in which Pacific nations agree on fisheries management measures at the regional level for implementation at the national level without the traditional menace of formal sanction, is testimony to Pacific pragmatism. Indeed, this approach is pursued in relation to law enforcement issues and other development concerns through the forum. Such an approach should be emulated in advancing the course of formulating sound development laws as well as initiating law reform programmes in Pacific jurisdictions. However, it is first necessary to take a step back and take stock of the regional initiatives that could lend support to this concern. There are numerous forum institutions, such as the Pacific Islands Law Officers' Meeting (PILOM), the Customs Heads of Administration Regional Meeting, the South Pacific Chiefs of Police Conference and the Forum Regional Security Committee, which are involved in issues related to the general areas of security and law enforcement. While these institutions are also relevant to law reform and development in their area of competencies, it would seem that PILOM, the Pacific Judicial Conference and the Australasian Law Reform Agencies' Conference are the most relevant institutions that could lead regional cooperation and coordination on the issues of law reform and development. Some minimum communication and information sharing among the three institutions, supported by the Forum Secretariat, should result in a more coordinated and rationalised regional approach and therefore impetus to law development concerns of the region. PILOM, which is associated with the forum and could therefore obtain secretariat support, might wish to initiate this inter-regional institutional cooperation considering that the issue of the rule of law might feature at its next convention.

In conclusion, it would appear from a cursory examination of regional initiatives that while the role of law in development and the pressing need for law reform is recognised in the region as encapsulated by the many forum and related institutional resolutions,⁷ little has been done beyond such recognition. Even more alarming, at least to the author, is the multitude of existing Pacific institutions that appear to be fully aware and communicative of the region's development needs, goals and the threats thereto, but the transition to implementation of the numerous commendable regional resolutions appears elusive except in rare cases. Perhaps what the Pacific really needs at this juncture is for it to resist the unnecessary creation of new regional institutions, to review and

amalgamate where possible some of the existing institutions, particularly those with similar mandates and, most importantly, to pursue a more aggressive programme for implementation of the various forum resolutions, including the establishment and implementation of appropriate legal frameworks that foster sustainable development.

Notes

- 1 The author is a legal officer of the Development Law Service of the Legal Office, Food and Agriculture Organisation of the United Nations (FAO). The views expressed in this paper are entirely those of the author and do not represent the views of FAO.
- 2 For the Pacific, some issues, such as customary marine tenure, which are important but risk becoming irrelevant, or laws that protect them but risk being given dubious application, might now require legislative intervention. See Graham and Idechong (1998). See also Kuemlangan (2004).
- 3 Papua New Guinea and its telecommunication legislation is an example of such a situation.
- 4 See, for example, the Declaration by the South Pacific Forum on Law Enforcement, Forum Communiqués, 2004 Forum Economic Ministers' Meeting and related outcomes (Forum Economic Ministers' Forum Economic Action Plan 2004 and Implementation Plan) and Trends and Developments and other forum publications: (<http://www.forumsec.org.fj/>) 2003.
- 5 The Papua New Guinea Law Reform Commission was established by the *Law Reform Commission Act 1975*.
- 6 The Constitutional Commission (established by the *Constitutional Commission Act 1993*) was replaced by the Constitutional Development Commission (established by the *Constitutional Development Commission Act 1997*).
- 7 See, for example, the Forum Economic Ministers' Meeting 2004 Implementation Plan: (<http://www.forumsec.org.fj/>)

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Part Two

SOCIAL AND ECONOMIC CHALLENGES

Language and Culture Loss in the Pacific¹

*Galumalemana Afeleti L. Hunkin and
Fepuleai Lasei John F. Mayer*

Introduction

The total number of world languages has been estimated to be 6,809.² The majority of these languages are spoken by only a small percentage of the world's population and many of these minor languages are rapidly disappearing as modernisation and the encroachment of more dominant languages and cultural influences take their toll. The situation is especially dire for the languages and cultures of the Pacific. A significantly large percentage of the total languages of the world, or about one-fifth, are found in the Pacific, and most of these belong to small and extremely vulnerable linguistic communities. Of the total languages in the Pacific region, 832 are found in Papua New Guinea alone. Languages found in Fiji, Vanuatu, the Solomon Islands and New Caledonia number 226. There are an additional 20 Micronesian languages and 38 Polynesian languages found in the region. In Australia, another 235 languages can be added to the total. In the past century and a half these small but diverse linguistic communities of the Pacific have been subjected to powerful and unrelenting forces of contact by dominant external cultures and languages such as English, German, French, Japanese and Spanish. The effects of this contact have been devastating to the linguistic and cultural diversity that once thrived throughout the region. Approximately 157 indigenous Pacific languages have been listed as endangered and 48 of them have already become extinct.

Skutnabb-Kangas (2002) has made a distinction between *language death* and *language murder*. The former implies the natural death of a language or a voluntary choice by speakers to switch codes. The latter describes, for the most part, the effects of the policies of colonial and post-colonial world powers that have resulted in the slow but steady elimination of subordinate languages and cultures. Regardless of the cause of

death or the terms used to describe the process, the pattern is clear and alarming. Of the little more than 6,800 extant languages in the world, 6,530 (96 per cent) are spoken by about only four per cent of the global population. The remaining 270 languages (four per cent) are spoken by close to 96 per cent of the global population (Miyaoaka 2001). Recognising the powerful influence that this small number of super languages has had on the rest of the world's languages is crucial to understanding the current global state of language loss. Skutnabb-Kangas is more to the point: 'The world's top 10 languages in terms of numbers of speakers represent only 0.10%–0.15% of the world's oral languages, but these big "killer languages" account for approximately half of the world's population' (2002: 6). It has been estimated that within the next century as many as 50 per cent of the world's languages could vanish because of the destructive influence of the world's super-language communities. And the languages of the Pacific are among the most endangered. This chapter examines some of the factors that have led to the trend of language and culture loss in the Pacific and the general state of the languages in the region.

The process of language loss in the Pacific

The politics of missionary and secular expansion in the Pacific can offer insights into the mechanisms involved in the rapid loss of languages and cultural identities in the region. The language policies enacted in the Pacific at the beginning of the 19th century are vivid examples of the use of language for the synthesis and maintenance of social, political and economic power. The contemporary problems that have evolved from these early language policies have had a major impact on language usage and cultural identity for all of the larger language communities in the Pacific, including the well-documented cases of Hawai'i and New Zealand. Many smaller, more remote communities have also been impacted and have experienced tremendous linguistic and cultural changes. And while it is true that the socioeconomic changes brought about by European contact were relatively visible and rapid, the changes that were enacted on the languages and cultures of the region have been slower to materialise. It is often years later that the language policies set in place decades earlier begin to show their effects on subsequent generations of speakers of those languages.

The linguistic diversity of the Pacific encountered by the early European missionary and colonialist was viewed as an obstacle to colonial expansion and the facilitation of the kinds of social and moral changes that were deemed necessary for its inhabitants. From the perspective of the Pacific Islander, however, linguistic diversity was a means of expressing external and internal identity. It was a means of finding one's place within a larger societal or political organisation, as well as a means of providing a definition of self and realising community identity. In the ensuing conflict of philosophies (Pacific Islander vs. European), it was the European colonialist, armed with overt and covert language planning policies, who dominated. Mühlhäusler (1987) provides an excellent summary of these kinds of policies, which have characterised the history of language change in the Pacific. He states,

The solution of these perceived difficulties was similar in almost all areas of Australia and the Pacific, ie., the imposition of the metropolitan language (English, French, German and so on) as the language of intercommunication. It was widely acknowledged that this goal was best reached via a number of intermediate strategies, including:

- (a) use of indigenous *lingue franche*
 - (b) use of pidgin varieties of the superstrate
 - (c) teaching of the superstrate to an increasing number of indigenes.
- (Mühlhäusler 1987: 3–4)

Two underlying assumptions that motivated this type of policy were the convictions that the indigenous languages were inferior to the languages of Europe and that they presented a barrier to communication and, ultimately, assimilation.

Mühlhäusler has noted that these policies and activities were often an intricate network of *deliberate* and *uncontrolled* actions. *Uncontrolled* policies included the reduction of the speech community through disease, murder, blackbirding and dispersal; the introduction of the concept of language status — that there are official or correct languages (usually the dialect selected by the missionary) and other dialects that are inferior; the introduction of media, such as radio and writing, as a means of standardising the speech of the community; changes in the functions and domains of the language; and the introduction or generation of a lingua franca.

Deliberate measures included: the selection of official languages; status assignment to local languages; education policies; political suppression; Christianisation; and sanctioning of foreign naming practices. Language planning policies of this sort reveal the true underlying political motivation: the levelling of diversity and the introduction of a single system for nationalistic, religious and economic reasons. Despite decades of independence, many Pacific Island nations are still functioning to some degree under these theoretical and philosophical frameworks.

In Polynesia, these policies have caused the near death of several languages, including Maori in New Zealand, Hawaiian in Hawai'i and Rapanui on Easter Island, and have contributed to the loss of much of the diversity that existed in the Pacific in pre-European times. Early missionary policies often followed a pattern of selecting a standard dialect from among groups of languages or dialects that had never been written or described before. This created relative status rankings within these areas and gave rise to the levelling of linguistic differences throughout the region.

In Hawai'i and New Zealand, as elsewhere, decisions about the variety of the language to be used as well as questions about orthographic representations were made by the missionaries. Because it was not feasible to develop grammars for every language or dialect within a region, it was often the case that a single language or dialect was used as the language of literacy within a geopolitical area. In the case of Tuvalu, for example,

a diglossic situation developed with Samoan, introduced as the literate language, coexisting with the vernacular home or community language, Tuvaluan.

While political and economic consideration might have led to the selection of standard languages such as Tahitian, Samoan, Rarotongan and Bauan from among linguistically diverse regions, it was the introduction of literacy that institutionalised the process. The speed at which the islands of the Pacific became literate was remarkable. The adoption of a linguistic standard introduced differential status to other varieties of the language, and also contributed to the levelling of linguistic variation.

Although the initial missionary policy favoured the use of the vernacular in education, as political and economic interests began to erode missionary influence, European languages such as English and French became the languages of education and public intercourse. As these languages moved into more diverse domains of use, indigenous languages began to lose their utility. Levy (1970), for example, reports that the interaction of French and Tahitian has led to a gradual loss of domains of use of Tahitian. And as competency in Tahitian has decreased, speakers have found it difficult to express various aspects of the Tahitian culture. The result is that cultural practices have begun to drop out of modern Tahitian society, and the language has begun to lose its depth of expression. This is particularly true with respect to lexical items, which are lost in response to the simplification of many aspects of indigenous life. The creation of the demi class (part Tahitian) in Tahiti is indicative of this kind of change (Levi 1970). French Polynesia currently has seven indigenous languages, the largest being Tahitian (117,000 speakers). Smaller, less secure language communities in the region include Austral (8,000 speakers), Mangareva (1,600), Marquesan North (3,400), Marquesan South (2,100), Rapa (521) and Tuamotuan (14,400).

One can also apply the same language contact framework that occurred with the European languages to the interrelationships of lingua franca and regional pidgins (eg., Tahitian, Cook Islands Maori, Standard Fijian, Solomon Pijin, Bislama and Tok Pisin) with many of the smaller languages in the Pacific. Tuamotuan is rapidly undergoing a Tahitianisation and dialect differences are disappearing because of contact with Tahitian (Mühlhäusler 1987). Samoan, with 56,700 speakers in American Samoa and 199,377 in independent Samoa, has affected Tokelauan and Tuvaluan. Tokelau currently has just 1,680 speakers. While there are currently two languages spoken in Tuvalu, there are just 8,440 speakers of Tuvaluan and 870 speakers of Kiribati. The languages of Niuafoou and Niuatoputapu are being subsumed by Tongan in the Kingdom of Tonga. There are presently 103,200 speakers of Tongan, 690 speakers of Niuafoou and *Ethnologue* currently lists Niuatoputapu as extinct. Rensch (1990) has shown the effect the Uvean has had on East Futunan in the Wallis and Futuna Group. Secondary education, while in the French language, takes place on Wallis Island, where Futunans are expected to speak Uvean. There are currently 7,500 speakers of Uvean and 3,600 speakers of Futunan. In the Cook Islands, there are 16,800 speakers of Cook Islands Maori (Rarotongan) compared with only 600 speakers of Penrhyn, 840 speakers of Pukapuka and 2,500 speakers of Rakahanga-Manihiki.

The levelling effect of these large regional languages is most heavily felt by the smallest language communities, especially those in Papua New Guinea, Melanesia and

Micronesia. While the majority of the Pacific languages are found in Melanesia and Papua New Guinea, many of these language communities have very small and declining populations of speakers. These isolated language communities are slowly facing extinction because of the influence of dominant non-Pacific languages, as well as indigenous lingua franca and regional pidgins such as Solomon Pijin, Bislama and Tok Pisin. For example, in Fiji, with 10 living languages, the most populous language community speaks a variety of Hindi, Fijian Hindustani, with 380,000 speakers. In addition, 4,929 people speak English as their primary tongue. The largest indigenous language in the island nation is Fijian, with only 330,441 speakers, or just 46.2 per cent of the total population. Other Pacific languages spoken in Fiji include Western Fijian (57,000 speakers), Lauan (16,000), Rotuman (9,000), Gone Dau (500), Lomaviti, Namosi-Naitasiri-Serua, and an introduced Micronesian language, Kiribati (5,300). For the Solomon Islands, there are 69 living languages (including English, Pijin and several Polynesian Outlier languages). Pijin, an English-based Creole, is spoken by 15,000 first-language speakers and 300,000 second- or third-language speakers. Of the remaining languages in the region, only 12 have populations of more than 10,000 speakers. In fact, 17 languages have less than 10,000 speakers, 24 languages have less than 4,000 speakers and 14 languages have less than 1,000 speakers. Endangered or extinct languages include Dororo, Guliguli, Kazukuru, Laghu, Rennellese Sign Language, Sa'a, Tanema and Vano. Likewise, in Vanuatu, which has been influenced by English and French, of the 109 living languages, only one, Bislama (an English-based Creole) has more than 100,000 speakers. There are 27 languages with between 1,000 and 7,000 speakers and 80 languages that have less than 1,000 speakers (including 32 with less than 200 speakers). Endangered languages include Aore, Eton, Ifo, Maragus, Nasarian, Sakao, Sowa, Ura and Vatrata. Ifo, a language once spoken on Erromanga, is now extinct.

In New Caledonia, there are 38 living languages, the largest being French, with 53,400 speakers. In addition, two Creoles, Vanuatu-Bislama (1,200 speakers) and Tayo, a French-based Creole (2,000 speakers), are also used in the region. Of the remaining Pacific languages, only six are spoken by more than 4,000 speakers. Of the remaining languages, 12 have between 1,000 and 4,000 speakers while 19 have populations of less than 1,000. Extinct languages include Waamwang and Zire. In Papua New Guinea, with some 832 languages, the same pattern also holds true. Language communities range from more than 100,000 for a few of the larger languages to some with less than 100 living speakers. Current lists of extinct languages for Papua New Guinea include Aribwatsa, Bina, Hermit, Kaniet, Karami, Mulaha, Ouma, Uruava and Yoba. If the languages of Australia are also considered, more than half of the 268 languages found there (180) have been classified as endangered. Of that number, 31 are already extinct.

The vast geographical area of Micronesia exhibits the same pattern of influence from external languages such as English, German, Japanese and Spanish. In addition, regional lingua francas have also affected the vitality of smaller languages within the reorganised political territories of this part of the Pacific. In the Northern Mariana Islands, Chamorro is the largest language with 14,000 speakers, followed by Carolinian with 3,000, and Tanapag. In Palau, there are 15,000 speakers of Palauan, followed by

Sonsorol (600) and Tobian (22). Nauru currently has some 6,000 speakers. The FSM has 16 Pacific languages, the largest of which are Chuukese (33,341) and Pohnpeian (27,700). Of the remaining languages, three have approximately 6,000 speakers, while 11 have less than 3,000 speakers. The Republic of Kiribati has 58,320 speakers of Kiribati (Gilbertese). Guam has 62,000 speakers of Chamorro, and there are 43,000 speakers of Marshallese in the Marshall Islands. Because of resettlement and migration patterns, several languages in the region have become established in communities beyond their indigenous borders. The 3,000 speakers of the Polynesian language Kapingamarangi, for example, are split between communities on Kapingamarangi and Ponape. Outside of Kiribati, speakers of Kiribati also have settlements in Fiji (5,300), the Solomon Islands (1,230) and Tuvalu (870). Like the languages of Melanesia and Papua New Guinea, many of the smaller language communities have little vernacular material available in their respective languages.

Despite widespread political independence within the region since the 1960s, Pacific languages and cultures are still under severe threat. For island-based cultures today, the greatest threat of language loss is from the influence of an introduced dominant language and its accompanying world view, which has become accepted over the years with little question. English-language education, the influence of electronic media (eg., television, Internet) and the appeal of American and European pop culture among today's youth are powerful forces that work at eroding the utility and relevance of indigenous languages. While the media and pop culture are relatively new influences, education has had the longest influence on language choice. Milner (1981) states that the Fijian language and culture might be in danger of eventual extinction because of the continued dominance of the English language in the school system. Those opposed to the use of Fijian in schools argue that the Fijian language is not capable of expressing modern concepts or coping with modern needs. This is a sentiment that is echoed throughout the Pacific. Milner points out, however, that Fijian (like any other language) is more than capable of handling almost any demands made on it. What is required is a change of mind-set.

But the problem of language loss is not limited to indigenous language communities within their own island groups. It is also a problem for migrant communities abroad. In New Zealand, for example, the languages spoken by small migrant Pacific Island communities such as Niuean, Tokelauan and Cook Islands Maori might be facing extinction. Today, these communities exhibit steady patterns of language shift and language loss as the majority of their populations have settled in metropolitan centres such as Auckland and Wellington. Language surveys for 2001 show an alarming trend in language loss (<http://www.stats.gov.nz>). For example, only 28 per cent of the New Zealand-Niuean community (out of a total population of 20,100) can hold a conversation in the Niuean language. This is down from 32 per cent in 1996. Of the 6,200 Tokelauans in New Zealand, only 44 per cent can converse in Tokelauan (down from 53 per cent in 1996). For the 52,600 Cook Islands Maori in New Zealand, only 18 per cent can hold a conversation in Cook Islands Maori (the same percentage as in 1996). When the data are examined for the New Zealand-born members alone, the picture is even

more ominous. For Niueans, only 15 per cent of those born in New Zealand can speak Niuean; only 37 per cent of the New Zealand-born Tokelauans can speak Tokelauan; while only five per cent of local-born Cook Islands Maori can speak Cook Islands Maori. Efforts to save the languages of migrant Pacific Island communities take on more importance when viewed in the light of the shifting nature of Pacific Island populations. There are, for example, about 8,000 Niuean living worldwide, but only 2,240 of these live in Niue. Similarly, of the 4,500 Tokelauans globally, only 1,680 reside in the Tokelau Islands. Only 16,800 Cook Islands Maori reside in Rarotonga out of a total population of 43,000.

Thus, the process of language shift and eventual language loss of Pacific Islanders might perhaps be more striking in the diaspora. In the case of migrants to metropolitan centres such as Auckland, Honolulu, Los Angeles, Sydney, etc., Pacific Islanders are exposed to powerful language environments in new urban areas of settlement. The consequent social assimilation in these new urban cultures brings about a rapid decrease in the utility of heritage languages and an equally rapid alienation from traditional cultural and social practices. This is especially true for Pacific Islanders born abroad or those who have migrated at an early age. These first- and second-generation Pacific Islanders frequently develop a passive competency in the language of their parents. That is, they might comprehend the language to a limited degree but they will invariably find it more comfortable to respond in English. This pattern of dependency on English increases as the child matures. Often these young adults eventually become alienated from traditional cultural practices and social interaction because of their inability to understand and speak the language of their heritage community. Government policies in these urban centres have historically accelerated this process through educational programs that devalue heritage languages and cultures. They require students to assimilate into the mainstream language and culture, usually English. In these urban areas, Pacific Island languages are not viewed by policy-makers as serious subjects of study and therefore they do not have a useful place in local or national domains. Unfortunately, this view is also held by many Pacific Islanders themselves. English is still viewed as the key to academic and economic success and Pacific Islanders traditionally have not supported the teaching of heritage languages in schools.

In the United States and New Zealand, as in other countries with Pacific Island communities, heritage languages are also exhibiting signs of linguistic innovation as succeeding generations of speakers integrate their knowledge of English with their limited competency in their home languages. This process has resulted in noticeable changes in the phonology, syntax and lexicon of Pacific languages as they are spoken within migrant communities abroad. Language mixing is also more evident in these communities. In Hawai'i, for example, a mixture of Samoan and English is often used in casual conversations with great fluency. This mix is even used by competent Samoan speakers, especially when the topic involves non-Samoan concepts. It is a code-mixing phenomenon similar to the mixture of Tagalog and English, often termed 'Taglish' (cf. Thompson 2003). It is clear that 'Samlish' is a well-established linguistic innovation, especially among newer generations of Samoans living abroad.

The changes that have occurred to Pacific Island cultures and languages as a consequence of migration to New Zealand, Australia and the United States bring home the realisation that conscious and deliberate efforts must be made to preserve these languages. This requires cooperation by the heritage communities and government entities. Deliberate policies enacted with the view of retaining and cultivating these languages are required. Examples of this kind of cooperative effort can be found in New Zealand and Hawai'i. The successful programs for the revitalisation of the Maori and Hawaiian languages can serve as powerful examples for other Pacific communities. In Hawai'i, a group of concerned Hawaiian-language educators founded the *Aha Punana Leo* (Language Nests) in 1983 to work for the revitalisation of the Hawaiian language. In 1984, following the example of the Maori Language Nests of New Zealand, the first Hawaiian language preschool (*Punana Leo*) was established. In 1986, lobbying efforts by Hawaiian educators and community members succeeded in repealing a century-old ban on the use of Hawaiian as a medium of instruction in public schools. Since then, the success of the Hawaiian-language immersion schools (kindergarten–grade 12) and the existence of academic programs of instruction at the university level have given hope for the revitalisation of the Hawaiian language. There are currently some 1,000 mother-tongue speakers of Hawaiian and an additional 8,000 who can speak and understand Hawaiian. The existence of bachelors, masters and doctoral degree programmes in the Hawaiian language has begun to place the Hawaiian language on an equal academic footing with the English language. And while the Hawaiian-language programme is the largest and most significant Pacific Island language and culture programme within the University of Hawai'i system, other programmes of study now include Chamorro, Maori, Samoan, Tahitian and Tongan.

Similar efforts in New Zealand for the Maori language have met with great success. In 1981, the development of the *Kohanga Reo* (Language Nest) immersion schools to teach traditional values and knowledge to preschool children in the Maori language was a significant step in the revitalisation of the language. In 1987, the *Maori Language Act* declared Maori an official language of New Zealand and established the Maori Language Commission, *Te Taura Whiri i te Reo Maori*. By 1997, 32,000 students were receiving Maori medium education and an additional 55,379 were learning to speak the Maori language (<http://www.tetaurawhiri.govt.nz>). There are now an estimated 50-70,000 speakers of the Maori language and another 100,000 who can understand Maori. It is also heartening that within the past decade the New Zealand Government, in partnership with the Samoan community in New Zealand, has worked to establish a Samoan language curriculum within the school system, from preschool to the tertiary level. New Zealand's Prime Minister, Helen Clark, during a visit to Niue in November 2004, pledged support for the inclusion of the Niuean language in the New Zealand school curriculum. It will join the Maori, Samoan and Cook Islands Maori language curricula, which cover preschool as well as the senior classrooms in New Zealand. This will expand the number of Pacific Island languages taught in New Zealand schools to four. Other national organisations, such as the Human Rights Commission, are also taking steps to give support to these national efforts.

Conclusion

One of the key issues facing Pacific peoples is accepting the fact that their languages are under threat from external and internal forces. Among the most potent of the external threats is the continued erosion of indigenous languages and cultural values by dominant regional and global influences. Internal threats to language and cultural vitality arise from defeating self-images that value non-indigenous ways over traditional ways. These negative views and beliefs are the legacy of the educational policies imposed on the Pacific Islands over the years. Western worldviews have taken root in the minds of Pacific Islanders and pervade virtually every aspect of modern life. The results can be compared with unconsciously planting a 'Trojan horse' way of thinking into the minds of the people. Over the years this has resulted in the devaluing of local cultures, ways of thinking and, in particular, languages. Pacific Island languages and cultures must be accepted as important, valid and crucial parts of each community's cultural heritage and must be protected at all costs from these threats.

The development and implementation of new language planning policies can rarely take place until social and/or political conditions are optimal for their implementation. Therefore, successful language planning requires changes in attitudes and coordinated efforts by politicians, the community, special interest groups and language researchers. Education and public awareness are the keys for this kind of change. Saving the languages of the Pacific will require cooperative endeavours on the part of educators, academicians, politicians, the media, the clergy, and the support of the very superpowers that have put the Pacific languages on this course towards extinction. It is promising that a significant number of national, regional and international organisations have been founded in recent years to address these issues. Revitalisation efforts are currently being led by organisations such as the Maori Language Commission (<http://www.tetaurawhiri.govt.nz>), the Hawaiian language organisation *Aha Punanaleo* (<http://www.ahapunanaleo.org>), the International Samoan Language Commission *Falaeula o Fatuaitupu o le Gagana Samoa* (<http://www.ascc.as/slcc.htm>), the New Zealand Samoan Language Organisation FAGASA (<http://sites.tki.org.nz/samoa>), the Polynesian Languages Forum and the Program for Endangered Languages of the Pacific Rim (<http://www.elpr.bun.kyoto-u.ac.jp>). There is hope, but more needs to be done.

Perhaps Grimes (2001) provides the simplest and most sage advice for the future of Pacific Island languages:

There are some groups in the world who, with help from linguists are attempting to increase their speaker population by publishing pedagogical grammars with audio tapes, dictionaries, newspapers, having courses taught in schools and community colleges, evening classes for adults, programs on the radio and television. These are having some success. But the most important thing that can happen to preserve a language is for parents to continue passing on their mother tongue to their children in the home. (2001: 10)

Notes

- 1 Portions of this chapter are taken from John Mayer, 1998, 'Linguistic Change in Polynesia', presented at the University of Hawai'i for the Hawai'i Committee for the Humanities, July 30, 1998.
- 2 Unless otherwise noted, all language statistics have been taken from *Ethnologue: Languages of the World*, 14th Edition (www.ethnologue.com).

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PICTA, PACER and EPAs: Weaknesses in current trade policies and alternative integration options

Wadan Narsey

Introduction

Most of the Pacific Island Countries (PICs) are signatories to several overlapping regional and international agreements, encompassing trade, aid and investment. These agreements are seen by the PICs as instruments to accelerate their economic development, create employment, increase incomes and generally improve standards of living.

For the western Melanesian countries, there has been the Melanesian Spearhead Group Trade Agreement;¹ for most of the southern PICs, there have been special relationships with Australia and New Zealand in the form of the South Pacific Regional Trade and Economic Cooperation Agreement; and the American trust territories have their special relationships with the United States in the form of the Compacts of Free Association.²

However, interesting policy choices are posed by the recently signed regional trade agreements among the PICs themselves: the Pacific Island Countries Trade Agreement (PICTA), the Pacific Agreement on Closer Economic Relations (PACER) — which includes Australia and New Zealand — and the Cotonou Agreement, which is the successor to the Lome Agreement between the African, Caribbean and Pacific States (ACP). All these agreements are in place against the backdrop provided by the imperatives of the World Trade Organisation (WTO), to which a few PICs are signatory,³ while other PICs have applied to join.⁴

PICTA and PACER are already binding on those who have signed and ratified, while the trade aspects of the Cotonou Agreement are in the process of being negotiated

with the European Union, in the form of Economic Partnership Agreements (EPAs), which are expected to come into effect after 2007.

It is here argued that the likely medium-term impact of PICTA will be at odds with PICs' long-term development paths, with serious potential for wastage of national resources, given the likely long-term implications of PACER. It is suggested that regional trade is unlikely to increase significantly, because of political lobbying by domestic producer groups. From the PICs governments' points of view, the impact on employment will be a critical sticking point, with most PICs not prepared for the likely long-term employment consequences of the trading agreements they have signed, despite the supposed overall net economic benefits of the regional trade agreement, or even total trade deregulation.

The crucial importance of ensuring an optimal extraction of benefits from PACER is underlined by one of the critical negotiating issues for the Pacific states in the Cotonou Agreement with the EU over the EPAs: fiscal impacts of likely tariff reductions. The major revenue costs for PICs governments, should the EPAs trigger through PACER similar tariff reductions on imports from Australia and New Zealand (and the United States for the Compact countries), suggest that PICs need to negotiate quid pro quo benefits in return for the likely tariff reductions.

While the current EPA negotiations are focused solely on relationships with the EU, the Pacific Cotonou signatories need to additionally examine the possibilities of revamped relationships with Australia and New Zealand through the PACER, which has much greater long-term potential for leading to sustainable economic growth and development in the PICs.

PICTA and PACER

The 1999 Pacific Islands Forum Leaders' Meeting in Palau 'endorsed in principle a free trade area among Forum Members'.⁵ In August 2001, nine PICs signed⁶ the Pacific Island Countries Trade Agreement (PICTA). And, together with Australia and New Zealand, they signed the Pacific Agreement on Closer Economic Relations (PACER), seen as an umbrella agreement for PICTA.

PICTA is now in place, with nine countries having ratified, while five have not.⁷ The PICTA signatories made a commitment to trade liberalisation, supposedly as a means of bringing economic and social benefits and improving the living standards of all the peoples of the Pacific region. The agreement states that its objectives are to strengthen, expand and diversify trade between the parties:

- through the elimination of tariff and non-tariff barriers to trade;
- in a gradual manner, with a minimum of disruption, under clear rules for trade, with conditions of fair competition;
- leading to the eventual creation of a single regional market among the Pacific Island economies;
- while taking into account the differing economic potentials and the special development problems of the least-developed countries and small island states, the different development objectives, and aspirations of indigenous peoples.

The parties expect that PICTA should also

- contribute to the harmonious development and expansion of world trade in goods and services and to the progressive removal of barriers to it;
- promote and facilitate commercial, industrial, agricultural and technical cooperation among themselves.

Fundamentally, PICTA requires⁸ that all tariffs on ‘originating goods’ be reduced and eliminated in accordance with the timetables set out in Annex II (of PICTA) for trade among themselves — essentially falling to zero 10 to 12 years after ratification. Those PICs classified as least-developed countries and small island states are given a parallel but higher schedule of reducing import duties, compared with the larger PICs (Papua New Guinea and Fiji).

For the protection of ‘sensitive industries’ from full competition, and to give them a longer time frame to adjust, PICTA allows each country to provide an ‘excepted imports’ list with a slower timetable for reduction of tariffs.⁹ Again, least-developed countries and small island states are allowed slightly higher schedules of reducing import duties.

The rationale for PICTA

PICTA might be attributed to internal and external economic and political forces. The internal economic imperative supposedly derives from the recognition by PICs that they need to become internationally competitive, especially as they see their preferential markets in developed-country partners eroded by challenges through the WTO.¹⁰ As well, there is an increasing realisation on the part of developed countries that their preferential agreements constitute bad aid and trade policies in perpetuating developing country dependence on trade distortions, which hamper internal economic efficiency and must in any case ultimately be eliminated. The logic articulated by the agreements has been that, rather than jumping off the deep end into free trade agreements with the developed countries, PICs might have an easier time if they first develop a free or regional trade agreement among themselves, as a ‘stepping stone’ to free trade agreements (FTAs) with the rest of the world — developed and developing countries alike.

The mechanisms whereby the agreements expect the FTAs to encourage improvements in competitiveness are stated as follows:

- enlargement of market size will encourage economies of scale, competition¹¹ and new investment earlier thought unprofitable;
- competition and adjustment will be introduced gradually so that sudden and destabilising economic disruptions are minimised;
- PICTA will provide a ‘training ground’ for further (and presumably harsher) economic integration with the wider globalised world: for businesses that will need to compete with international competitors; and for governments that will need to implement fiscal reforms (such as tax systems), and enabling legislation (regarding product standards, phyto-sanitary measures, quarantine requirements, customs procedures, etc).

While these advantages have generally been internationally recognised in regional trade agreements elsewhere, their application in the PICs context will be questioned in this paper.

There are also seen to be a number of political advantages to the PICTA:

- being able to speak with one voice in international fora, enabling small PICs to have a greater influence than as individuals;
- being part of a regional FTA (with all the necessary structural and fiscal reforms), facilitating a ‘lock-in’ of economic policies so as to discourage backsliding by individual governments responding to political imperatives and lobby groups;
- financial and technical aid incentives provided by the donor countries (specifically Australia and New Zealand) for being committed to the agreed policy agenda.

These latter advantages, while inherently plausible, are also debatable, in the light of the results so far.¹²

There has also been a powerful external impetus to form PICTA. It has been argued that the post-Cotonou EPAs to be negotiated with the EU will be facilitated if the PICs are bound by an FTA, which then would facilitate the WTO compatibility of the EPAs. But the Cotonou Agreement also states that economic and trade cooperation between the EU and the ACP states will build on the regional integration initiatives of the ACP states, ‘bearing in mind that regional integration is a key instrument for the integration of the ACP countries into the world economy’.

This last assumption is debatable for all PICs, but especially for at least two groups of countries among the PICs with special relationships to metropolitan or developed countries — the United States and New Zealand.¹³ The current reality, nevertheless, is that even those PICs that were previously not part of the Lome Convention have joined the post-Cotonou development partnerships with the EU.¹⁴ There are no doubt long-term strategic advantages for the EU, vis-a-vis other superpowers, in having most of the PICs bound to it through EPAs.

The PACER

The PACER, which has been signed and ratified by all the PICs, is seen as an umbrella framework setting out possibilities for trade relations among all Pacific Islands Forum members, and specifically inclusive of Australia and New Zealand. While PICTA explicitly sets out the framework and timetable for an FTA among the PICs, excluding Australia and New Zealand, PACER sets out the possibilities, provisions and timing for including Australia and New Zealand in the FTA.

PACER is not a ‘proactive’ agreement for fostering free (or freer) trade between the PICs and Australia and New Zealand. It is a ‘reactive’ and essentially defensive agreement, protecting Australian and New Zealand trading interests in the PIC markets, vis-a-vis other developed countries or groups of countries. Article 6 advises that if any PIC ‘commences formal negotiations for free trade arrangements’ with any other developed country or grouping, they should also begin similar negotiations with Australia and New Zealand.¹⁵ Hence, PACER essentially attempts to assure Australia and New Zealand that they will not be disadvantaged relative to other trading partners in their trade relations with the PICs.

PACER also requires negotiations with Australia and New Zealand to begin eight years after the PICTA comes into force, if they are not triggered before that through the

actions of the PICs described above. In both cases, however, PICs would become parties to free trade arrangements only if the negotiations are successful.

PACER also contains requirements for the provision by Australia and New Zealand of financial and technical assistance, for the development and implementation of the trade facilitation programmes. These are supposed to give special attention to the needs of small island states and least-developed countries, in the design of the programmes and funding levels. It is unclear, however, the extent to which the financial and technical assistance provided to PICs will be additional to existing levels of assistance.

In one important aspect, PACER is not a symmetrical agreement between Australia and New Zealand on the one hand and the PICs on the other. While PACER provides the PICs with the right to consultation with Australia and New Zealand if either Australia or New Zealand were to enter into negotiations for a free trade agreement with a non-forum country, the benefit to be negotiated would only be for 'improved market access' for PICs — not the equivalent of the FTA being negotiated with the non-forum country (as would have been the case had the agreement been symmetrical).¹⁶

There are two views explaining the signing of PACER. There is a strong view that PICs agreed to PACER only after they succeeded in keeping Australia and New Zealand out of PICTA, after they made a belated attempt to join. An alternative interpretation is that PACER is a symptom of PICs' recognition and concession that Australia and New Zealand, for the foreseeable future, will be their most important developed country partners and donors, and that PICs relationships with other developed countries or groups of countries should not place Australia and New Zealand at a disadvantage. But this explanation makes the PACER a 'reactive' agreement, not proactive, as would have been the case had there been political substance to the interpretation.

The EPAs under the Cotonou Agreement

The Cotonou Agreement¹⁷ was signed supposedly as an 'equal' development partnership between the EU and the ACP states.¹⁸ What cannot be lost sight of is that while the central objective of the Cotonou Agreement partnership is stated to be to 'promote and expedite the economic, cultural and social development of the ACP States' (Article 1), a new trading regime is explicitly held by the EU to be at least as important an objective.¹⁹ Thus, while the Cotonou Agreement expects the ACP development strategies to be centered on the objective of reducing and eradicating poverty, the provisions state that this objective has to be consistent with the objectives of 'sustainable development and the gradual integration of the ACP countries into the world economy'. The agreement commits that 'regional and sub-regional integration processes which foster the integration of the ACP countries into the world economy in terms of trade and private investment shall be encouraged and supported'.

Under the agreement, the Lome IV trade arrangements are to continue until 2007, while the development aid arrangements will continue for 20 years. The trade arrangements to apply after 2007 are to be renegotiated²⁰ and these will take the form of EPAs or alternative trading arrangements with ACP countries that are not willing to conclude EPAs. Article 37.6 of the Cotonou Agreement states that the alternative trading arrange-

ments will provide these countries with a 'new framework for trade which is *equivalent to their existing situation and in conformity with WTO rules*' (my emphasis).²¹

Article 36 of the agreement provides that the ACP states and the EU 'agree to conclude new WTO-compatible trading arrangements'. Of relevance is GATT Article XXIV, which covers preferential trading arrangements between developed WTO countries and all subsets of developing countries. The current non-reciprocal Lome Arrangements were covered by a waiver obtained by the EU from the WTO. It is now perceived that WTO regulations will not allow discrimination between different groups of less developed countries who have partnership arrangements with the EU and that reciprocity will be required of the ACP states after 2007.

PICs import duties on EU products are likely to come down or be eliminated. Of critical importance will be the definition of 'substantially all the trade' (SAT), on which duties will be eliminated. While there is no consensus on how SAT will be defined, Pacific Cotonou signatories need to prepare for the worst-case scenario: that import duty might have to be eliminated on 90 per cent of all imports (by value) from the EU.²²

Where the EU's commercial interests are concerned, it is unlikely that they will be placed subservient to ACP development interests. For instance, the recent kava debacle must throw grave doubt on the importance placed by the EU on PICs development based on their genuine comparative advantages. In the past year, EU pharmaceutical companies, whose sales were threatened by the increasing popularity of kava products, had little difficulty in obtaining bans against PICs kava exports to Europe. With the stroke of a pen, PICs exports were decimated, with the consequent destruction of PICs incomes and employment. There is supposedly official powerlessness to reverse the ban.

The whole aid relationship underlying the Cotonou Agreement is that the EU sees itself as a development 'bigger brother' to the under-developed PICs. Yet the 'bigger brother' stood by while an industry in which the Pacific ACPs have comparative advantage was decimated by EU multinationals.

Are expected regional trade agreement benefits likely to be achieved?

While some of the political benefits of regional integration movements are obvious in the short term, there is considerable debate about their overall economic usefulness in the long term. Bhagwati (1991) quite legitimately asked whether regional trade agreements were 'building blocks or stumbling blocks' for developing countries, and the question is probably even more pertinent in the PICs context, with relatively tiny markets compared with many other developing countries, where economies of scale might be hoped for in some industries.

The early studies that led to the formation of PICTA (Filmer and Lawson; Scollay) all concluded that the largest gains from regional integration would arise from a FTA including Australia and New Zealand, while FTA encompassing only the PICs (excluding Australia and New Zealand) would not be expected to provide significant benefits.

These regional conclusions are consistent with the international studies. Vamvakadis (1998) examined the impact of five regional trade agreements in the '70s and '80s, and

found that none led to faster growth, largely because 'most of these agreements were among small, closed and developing economies'.

There has also been serious concern about the unequal sharing of economic benefits in a regional trade agreement. Venables (2003) concluded that regional trade agreements between low-income countries tended to lead to divergence of member country incomes, and that developing countries were more likely to be better served by 'north-south' than by 'south-south' agreements.

These conclusions are likely to be stronger for the small island economies like the PICs, given their relatively small populations, low incomes per capita, lack of regular communications links (especially for the transport of goods), lack of developed infrastructure, and the similarity of their resource endowments (mostly scarce).

Simply reducing tariffs is unlikely to encourage greater competition among the PICs producers. It would be necessary to ensure a host of complementary measures and practical assistance to small PICs producers to encourage them to attack other markets: cost-effective production of quality goods; ensuring regular and cost-efficient transport and freight charges; coping with customs regulations; product standards; being able to satisfy quarantine requirements, etc. Prasad (2003) discusses some of the conditions under which PICs might be able to benefit from a FTA, and the inherent limitations of their production bases.

However, it could be argued that if the entire PICTA market is able to be supplied by one (monopoly) firm utilising economies of scale (as is quite likely in a number of industries), effective competition might neither be feasible nor desirable, especially if smaller scale and inefficient operations are encouraged by protection or subsidies. On the other hand, having a monopoly operating throughout the PICTA region might also lead to the undesirable result that the benefits of trade diversion would be captured more by the producer than by the consumers.²³

The investment benefits might also not eventuate as expected. Where the PICTA encourages new foreign investment to operate behind high tariff barriers towards the non-PICTA countries, there is also the danger that individual PICs might compete with each other through tax incentives for the investors (foreign or local) to locate within its geographical boundary. In most cases, the higher the incentives, the lower the retention of national benefits. The latter in any case might also be small, or even negative, if the costs of domestic production are significantly higher than the costs of imports. The empirical evidence in Balasubramanyam et al. (2002) suggests that it is not the presence of regional trade agreements that determines the size and direction of foreign direct investment, but the economic characteristics of the investing and host country. Thus the smaller PICs are unlikely to see any significant increases in investment, either domestic or foreign.

However, PICs ratifying PICTA might need to come to terms with one fundamental thorny issue — the assumption that a regional trade agreement such as PICTA is a 'stepping stone' towards eventual full integration with the world economy. Enlarging the regional market through PICTA might enable some firms in ratifying PICs to increase their scale of operations, by and large by replacing domestic producers and/or the imports from non-PICTA countries, assisted by protective tariffs for the PICTA area.

For many, this will require new investment in plant, increases in employment and expansion of distribution and marketing networks. While these firms will no doubt significantly improve their economic efficiency and reduce their unit costs, it is also quite likely that these firms, serving the enlarged PICTA market, will still be small, relative to the competing metropolitan multinational companies. Should the extra-PICTA margins of preferences reduce (as eventually they must), it is quite likely that the majority of the expanded PICs firms will still find themselves unable to compete with the metropolitan giants, and will inevitably have to close down.

This will certainly be the case if PACER comes into full effect. The majority of manufacturing firms in PICs survive on the basis of high levels of tariff protection, with the effective rates of protection being much higher than the nominal rates legally in place.²⁴ The annual production runs for most firms could be covered by a few days' production in the metropolitan countries. In all likelihood, most metropolitan producers would simply export the finished products to the PICs if tariff protection was removed from the domestic producers. Rare exceptions might include those where the orders from the PICTA clients would be too small for the metropolitan companies to bother with, hence a PICs subsidiary might be left to mop up the small demand.²⁵

This raises three important issues for PICs governments. First, should PICs governments be encouraging the expansion of PICs firms (with the associated resource costs) into the enlarged but still protected PICTA market, knowing that within the medium term (some eight years at the outset) these firms will still not be able to survive in a globalised competitive market? In other words, if PICTA succeeds, it would paradoxically be creating an even thornier problem than currently exists, by strengthening an industry that might be even more difficult to dismantle, because of increased size and contribution to domestic employment and income generation, and political influence.

The importance of individual companies in PICs politics and public policy cannot be underestimated. The Fijian economy, for instance, is characterised by government-granted and protected monopolies operating in a range of key industries, such as telecommunications, cement production, television and milk, to name just a few. The Fijian Government refuses to dismantle the monopolies (for a variety of reasons), despite protracted public protests for a number of years.

Second, the regional FTA will lead to expansion of production by firms only if the short-term benefits justify doing so. Clearly, firms would invest their capital and increase production only if they are able to sufficiently exploit market power (at the expense of consumers) in order to rapidly return the capital invested, before the further liberalisation occurs.

Third, and probably the most important given the likely long-term adjustments that will be required by PACER and the WTO, is the lack of preparedness of PICs, their industries and their governments. This relates especially to the significant changes in employment, the demise of local entrepreneurs and the fiscal policy measures that will be required by the ultimate operations of the EPAs and PACER.

These issues raise serious questions about the appropriateness of the overall mix of strategies being followed by PICs governments in relation to their major trading partners.

This paper suggests that PICs are not pursuing the appropriate mix of international strategies that would seem to offer greatest promise of future economic benefits. Reference is made to the Melanesian Spearhead Group Trade Agreement, a special case study of the regional trade agreement implications in the PICs alcohol and tobacco industries, and the negotiating weaknesses of Pacific ACPs in the EPAs with the EU. The suggestion is made for a proactive triggering of PACER negotiations, a more urgent approach to closer economic integration with Australia and New Zealand, towards the eventual formation of a South Pacific Economic Community.

The PICs integration reality: reversals of liberalisation

There currently seems to have been insufficient acknowledgment among the PICTA signatories that if economies of scale are to be enjoyed by some PICTA producers, it follows that producers in other PICs will have their market shares reduced. Some will close down as the more efficient manufacturers increase their supply in the bigger markets created by the FTA.

It is natural in such circumstances for producers and workers in threatened industries to lobby their respective governments against the imports from the other PICTA countries, presenting the old arguments about protecting local jobs, incomes and taxes. The domestic consumers who would enjoy the benefits of free trade (usually greater than the costs) typically do not form a counter lobby group. Most PICs governments, mindful of the reactions of disgruntled voters at the next elections, have indeed reacted to protect local lobby groups.

This type of reaction is obvious from trade developments in the Melanesian Spearhead Group. At recent meetings of that group, the smaller islands expressed concern about the survival of their industries. In August 2002,²⁶ Solomon Islands officials referred to their government's 'balance of payments' problems and 'SOS' calls from some of their industries. Vanuatu expressed concern about soap and canned meat imports from Papua New Guinea and ice-cream from Fiji, which were placing their domestic industries under stress. This meeting noted that the Spearhead Group Agreement allowed temporary relief in the form of tariffs (usually 12 or 15 per cent) to be phased out after three years. The meeting agreed that bilateral arrangements on a product-by-product basis were needed.

In a later meeting of the Melanesian Spearhead Customs Working Group,²⁷ the Solomon Islands representatives proposed a three-year 'temporary' suspension of duty-free Melanesian Spearhead Group trade. Vanuatu, referring to its declining exports and worsening balance of trade with Papua New Guinea and Fiji, proposed an 'injury tariff rate' of 40 per cent on corned beef, chicken, pork, fruit juices, ice-cream, sawn timber, furniture and toilet paper — the very few items in which group trade had begun. And Solomon Islands proposed to apply injury tariff rates to 37 items in the next 36 months from the date of inception of this policy.²⁸

Such reversals of policy are not restricted to Solomon Islands. The 2004 Fiji Budget saw the Government reducing tariffs on the import of a common essential consumer item — exercise books. In a matter of weeks, the Government had reversed its policy

because of strong public lobbying by a major domestic 'producer'.²⁹ There is currently an expansion of flour mills in Fiji. All can operate profitably only because of the high protection afforded the industry, while the current industry leader acknowledges that a metropolitan plant would satisfy the entire annual Fiji output in a few days.

It is clear from general government reluctance to reduce import duty protection on even dubious industries that reversals of free trade policies will also take place if and when PICTA-induced trade begins, should there be threats to domestic producers.

PICs opposition to regional trade

The economic logic of making FTAs work and produce the expected benefits requires that PICs governments must understand the precise economic costs and benefits of their affected or threatened industries. They need to come to clear conclusions as to the long-term viability of these industries and firms before making decisions to foster or perpetuate a protectionist environment. They also need to clarify whether PICs would benefit more (in consumption and production) by complete unilateral trade deregulation for some industries, rather than the limited deregulation posed by the regional trade agreements. There is little indication that PICs in general have proceeded in this direction, although all have signed PICTA and PACER.³⁰

It seems that while many PICs companies are in a position to aggressively target other PICs markets, within the ambit of PICTA, few are contemplating doing so. Some simply do not have the resources to do so. Some have been operating behind protectionist barriers in 'comfort zones' for so long that it is virtually a foreign concept to think of competing regionally or internationally. Some PICs companies simply do not have the expertise to take advantage of PICTA. For some PICs companies, metropolitan multinational control with conflicting interests in the PICs markets might also inhibit regional and international aggression by the PICs company. Thus some PICs firms, which have the capacity to export to other PICs, nevertheless follow company policy not to target markets being supplied by the metropolitan company.

A recent study (Narsey 2003) on the integration of alcohol and tobacco products into PICTA throws up a number of contentious issues, which might be examined with respect to PICTA in general. While alcohol and tobacco products are currently excluded from PICTA,³¹ there were serious concerns that some PICs breweries, distilleries and cigarette manufacturers might not be able to compete in a Pacific-wide FTA. It would seem that PICs governments have not decided between the trade-offs promised by the FTAs (including cheaper consumer prices and a better range of goods) and government revenues, short-term loss of domestic employment and incomes, and the demise of relatively inefficient domestic firms.

The kinds of difficult decisions that some governments will be required to make about the extent to which they should keep protecting their respective alcohol and tobacco industries are exactly the kinds of decisions that they will be required to make with respect to many industries threatened by the operations of PICTA in general, and the eventual impact of PACER.

PICs governments have not prepared for the possibility that when PICTA-induced exports do begin to succeed in other PICs markets there will be opposition from vested interests currently entrenched in those markets. A critical sticking point for the integration movement will be to resort to PICTA 'Rules of Origin' regulations to deny access to competing PICTA products. Yet few PICs governments have examined their existing industries to see whether their products would qualify under the Rules of Origin.

PICs unpreparedness for Rules of Origin issues

According to PICTA, each party must establish a mechanism to provide, on request, a binding ruling on the originating status of goods to be imported, available at least six months in advance of the shipment of such goods, and valid for at least six months after the arrival of the first shipment. To this end, the parties are required to establish a Rules of Origin Committee (serviced by Pacific Islands Forum Secretariat), which will consist of representatives, whether from the public or private sector, from the first five parties to ratify the agreement, including at least one representative from a least-developed country or a small island state. Exception from the rules is permitted only where it is established, on the basis of objective evidence, that the goods concerned have undergone 'substantial transformation' in the territory of the exporting party;³² or are temporarily unable to qualify as originating goods due to 'exceptional circumstances'.

Such a committee has yet to be established, yet almost certainly, any PICTA-induced trade that threatens domestic industries will give rise to Rules of Origin challenges. Most PICs alcohol and tobacco products are extremely unlikely to qualify under the current PICTA Rules of Origin, while some are on the borderline.

Weakness in ACP negotiation strategy on EPAs and trade policy

The overall weakness in Pacific ACP trade policy might be seen as a specific weakness in the EPA negotiation strategy — that relating to additional resources requested from the EU, because of the likely losses in Pacific ACP governments' fiscal revenue because of the likely EPA requirement for significant reduction in tariffs. While the fiscal costs are certainly likely to be borne by the Pacific ACPs, the benefits of the tariff reductions will be enjoyed not by the EU, but by the Pacific ACPs' major trading partners — Australia and New Zealand.

For some of the PICs, trade liberalisation and integration into the global economy has been a stated government policy, a desirable development policy on its own merits. However, all PICs are concerned that trade liberalisation through the EPAs with the EU might require PICs to grant reciprocity in tariff reductions, which, through the triggering of PACER, might have significant negative impacts on PICs' fiscal positions. This raises one of the more interesting questions regarding PICs' international trade strategy.

Table 1 indicates that very little of PICs' duty revenues will be directly at risk because of reduction of duties on imports from the EU. The share of the EU in PICs imports is small. It has also been argued that the EU's share will probably remain small, despite the reduction in duties. Scollay (2002) suggests that where a trading partner had

a large share of the Pacific ACP country's market, this was an indicator of that country's competitive advantage in that market, and was also an indicator of its ability to increase its market share, if it were granted preferential access via a FTA.³³ The opposite would apply to countries with small shares. While this argument would be applicable in situations where there was sharp competition between supplying countries, a more relevant argument here would be the transport costs from Europe to the Pacific.

Thus, while the EPAs with the Pacific ACPs will not pose any great danger to Pacific ACP fiscal stability, their triggering of PACER will have drastic consequences. Australian and New Zealand shares of import duties comprise the largest share for most PICs (and US for the Compact countries). If PACER is triggered, and PICs are required to eliminate duty on 90 per cent of imports from Australia and New Zealand, there would be dramatic reductions of import duty revenues for PICs, seriously threatening to undermine the fiscal stability of PICs.³⁴ Percentages of total import duty lost would be Samoa 75 per cent, Vanuatu 50 per cent, Marshall Islands 50 per cent, Kiribati 45 per cent, Niue 43 per cent and Fiji 38 per cent.³⁵

Table 1: Share of trading partners in Pacific ACP Import Duty Revenues³⁶ (2003/03)

Origin	Percentage of total import duty revenues collected					
	Fiji	Kiribati	Marshall Is	Niue	Samoa	Vanuatu
A/NZ	51	69	8	98	53	60
Australia	42	63	7	0	14	44
New Zealand	9	5	1	98	39	15
EU	1	0			5	4
PICTA						
Fiji		13			9	9
PNG						2
United States	1		53		12	
Others	47	18	39	2	22	25
All	100	100	100	100	100	100

Source: Narsey (2004).

One key element of the current Pacific ACP negotiating strategy is to use their reduction of import tariffs as a bargaining chip to obtain concessions from the EU on the provision of additional resources over and above that currently envisaged. The difficulty, however, is that if the PICs with fisheries resources choose to negotiate separate EPAs with the EU, other Pacific ACPs have very few 'bargaining chips' with which they can leverage additional financial resources from the EU. The removal or reduction of import tariffs by PICs will generate few economic benefits for the EU and therefore there is little incentive for the EU to increase aid resources to the PICs.

One possible argument for proceeding first with the EU EPAs is that the Pacific ACP states will be able to win major concessions from the EU, which can then be used as

precedents for winning similar concessions from Australia and New Zealand. Thus it is hoped that there will be an asymmetrical liberalisation of tariffs, a generous interpretation of the quantification of 'substantially all trade', and major concessions on Mode 4 (movement of persons) on which Pacific ACP states will pose little real threat to EU labour markets, because of distance.

But there are two weaknesses in this argument. Firstly, the EU is not likely to give the major trading concessions that the Pacific ACP states are looking for — especially since it would run the risk of weakening the EU's bargaining hand with the far more important (for them) larger ACP states and the larger developing countries in general. Secondly, there is currently little economic incentive for Australia and New Zealand to adopt similar concessionary approaches to the PICs, given the paramountcy of their trading interests.

The triggering of PACER, however, could offer the possibility of wider economic quid pro quo benefits for PICs, from Australia and New Zealand.

The need for proactive triggering of PACER?

The current advice being offered to PICs is that in their EPA negotiations with the EU, they should be careful not to use terminology that might trigger PACER. Thus, they should insist on non-reciprocal market access and tariff concessions, while making no reference to FTAs or Customs Unions (which would trigger PACER). This approach is certainly possible. The EPAs are unlikely to take the form of a Customs Union, and might be far from becoming a FTA-type of arrangement, especially if the EU grants the ACP states non-reciprocity. Hence, Article 6 of PACER might not be triggered. Moreover, even if full reciprocity has to be granted, and even if Article 6 does trigger negotiations with Australia and New Zealand, there is no time limit to the consultations required, nor any requirement that an agreement must be concluded. So, theoretically, PICs can postpone the activation of any FTA created by PACER even while negotiating fully reciprocal EPAs with the EU.

But, there is a fundamental flaw in this approach. The Pacific ACP countries have taken the position that, given the severe impact of the trade deregulation on their fiscal positions, they will require corresponding benefits (such as additional resources) on the development cooperation parts of the EPAs.

But, even if the EPAs achieve reciprocal duty-free access to the partners' markets, the potential loss of import revenue to the PICs is relatively small, because imports from the EU are a relatively small part of PICs total imports. Consequently, the EU will itself derive only marginal benefits from this trade deregulation in the PICs markets and there is little economic incentive for the EU to grant any improved development package and resources (over and above what is already granted under the Cotonou Agreement).

On the other hand, should the duty-free access granted to the EU trigger similar access to Australia and New Zealand through the PACER, the PICs (other than the Compact territories) will see a severe reduction in their fiscal revenues and face major financial costs of adjustment.

What is relevant is that there will be a significant expansion of imports from Australia and New Zealand, which will thereby derive significant trading benefits. And yet, while Australia and New Zealand would be expected to enjoy the lion's share of the benefits of deregulated PICs markets, negotiations with them, for quid pro quo concessions to the PICs, are not on the agenda.

Of course, once the EPAs are negotiated, the PICs could subsequently negotiate with Australia and New Zealand on trade liberalisation. But PICs might then have weakened their negotiating position, given that WTO regulations require that developed countries (the EU and Australia/New Zealand) not be treated differentially by the developing countries. It makes more sense therefore for Pacific ACPs to negotiate simultaneously with Australia and New Zealand for reciprocal benefits to be derived from the deregulation of Pacific ACP markets to exports from not just the EU, but Australia and New Zealand.

Understanding the extent of benefits that might be received by the PICs from Australia and New Zealand, and a corresponding understanding of the extent to which the PICs can grant tariff concessions to the exports of Australia and New Zealand, can then logically feed into the EPA negotiations with the EU, with a better understanding of the tariff concessions that can safely be made to the EU.

The economic reality is that the Australian and New Zealand economies will, in the long term, be the most important economic partners for the PICs — in terms of foreign investment, markets for PICs exports of goods and services (such as tourism), suppliers of goods and services, donor assistance and possibilities for the absorption of skilled and unskilled PICs labour. In terms of geopolitical developments, it could be argued that in the long term, Australia and New Zealand should be the leaders of a 'South Pacific Community' akin to the EU. It makes more sense therefore, even if Australia and New Zealand have for the time being given up the initiative, for PACER to be triggered proactively by the PICs, as a logical geopolitical development, which is in the long-term interests of the citizens of the PICs.

It should be noted that this does not require PICs to choose between closer relations with Australia and New Zealand on the one hand and the EU on the other. Closer economic and political relationships with the EU as a global superpower have much to commend them. Not only are there indications that Europe will be one of the global economic powerhouses of the next two decades (with the euro likely to supplant the US dollar as world currency), but economic and political relationships with the EU do not have some of the negatives associated with a close relationship with the United States, the other global superpower. For most of the PICs whose economies must depend crucially on tourism, close association with the United States could make the PICs vulnerable to terrorist attacks, thus posing grave threat to their economies.

The PACER provides for annual reviews of the operation of the agreement and all aspects of trade and economic cooperation among the parties. General reviews of the PACER are to be held at three-year intervals. The first such opportunity should be taken by the PICs to begin negotiations towards a FTA, in return for tangible and more advantageous benefits than are currently being offered under the South Pacific Regional Trade and Economic Cooperation Agreement and the bilateral aid programmes.

The 'Jekyll-and-Hyde' relationship between PICs and Australia and New Zealand

PICs need to reorient their attitudes to Australia and New Zealand, away from the 'Jekyll-and-Hyde' relationship that currently exists. While many PICs and PICs regional organisations³⁷ are almost totally dependent for their recurrent budgets on aid from Australia and New Zealand, there is national resentment when the latter attempt to influence policies in the PICs.³⁸ Thus, while national budgets talk of encouraging foreign investment for economic growth, political leaders often condemn foreign investors as economic exploiters, while foreign investment is discouraged in many areas of the domestic economies.

Australia and New Zealand likewise need to examine whether their foreign policy can move towards creating a genuine Pacific economic and political community, in which the PICs can see their large neighbours as genuine 'big brothers', and not as 'Big Brother'. To a large extent, the reactive nature of PACER is an indication of a significant weakness in the ability of Australia and New Zealand to proactively and sensitively manage the evolution of economic and political relationships with the PICs. Australia and New Zealand might wish to examine a perception among trade experts, for instance, that whatever the logic of Australian and New Zealand aid to the PICs is, when it comes to trading relationships, 'no quarter will be given', no concessions made, unless they result in a net economic gain for Australia and New Zealand.³⁹

The current EPA negotiations between the Pacific ACP states and the EU are an interesting manifestation of the importance that the EU places on strengthening its trade, investment and aid links through the Cotonou Agreement, with the score or so of small Pacific ACP states. Yet Australia and New Zealand do not see as a priority the inherent international political and economic advantages of having the PICs under their wings, in some kind of a Pacific Economic and Political Community, which the PICs could be encouraged to accept through the right mix of incentives. Were such a community a reality, Australia and New Zealand might be able to engage in international fora, claiming to speak for 20 or so Pacific Island nations, whose territories and exclusive economic zones cover one-quarter of the world's surface. Currently, Australia and New Zealand seem to have lost the high ground to the EU.

Conclusion

The regional and international trading agreements that PICs have signed and are in the process of negotiating present somewhat paradoxical situations. A major trade and aid agreement (the Cotonou Agreement) encourages the prior establishment of a free trade area among the PICs (PICTA). This FTA poses only limited benefits to the PICs.

In their EPA negotiations with the EU, the PICs are arguing for resources additional to those provided by the Cotonou Agreement, because of the likely fiscal impacts of the reciprocity in tariff reductions that the EPAs will require. Unfortunately, the EU is unlikely to benefit significantly from reductions of duties to its exports. On the other hand, reciprocity granted to the EU will, if PACER is triggered and taken to its

logical conclusion, be required to be granted to Australia and New Zealand, who will thereby be the primary beneficiaries of tariff reductions under the EPAs.

The irony is that increased trade, production and employment under a successful PICTA might have to be reversed should the wider PACER be implemented with Australia and New Zealand. The costs to the PICs will be substantial as the bulk of their domestic manufacturing plants will face closure. It makes more sense therefore for the PICs to use the prospect of reducing tariffs to EU trade not only to leverage development benefits from the EU, but to simultaneously negotiate with Australia and New Zealand for development benefits to be derived from closer economic integration and benefits, in return for freer trade. PACER ought to be a priority area for PICs' trade policy agendas. It is not currently.

Notes

- 1 The parties to the Melanesian Spearhead Group are Papua New Guinea, Solomon Islands, Vanuatu and Fiji.
- 2 The Compact is between the United States and the FSM, the Republic of the Marshall Islands and the Republic of Palau, respectively.
- 3 Papua New Guinea, Fiji and Solomon Islands.
- 4 Vanuatu, Samoa and Tonga.
- 5 PICTA does not include Australia and New Zealand.
- 6 While these countries 'signed' the agreement, it did not become binding until they had 'ratified' it.
- 7 Fiji, PNG, Solomon Islands, Tonga, Samoa, Cook Islands, Niue, Nauru and Kiribati have ratified. Vanuatu and Tuvalu have not signed yet, while the three Compact countries have been given a grace period.
- 8 Article 7, paragraphs 4, 5 and 6.
- 9 Annex IV of PICTA.
- 10 A case in point is the recent successful challenge by Australia and Thailand of the EU's preferential prices for ACP sugar under the Cotonou Agreement.
- 11 PICTA (if all the signing countries ratify) is expected to create an expanded market of some seven million consumers.
- 12 It might even be difficult to obtain a united front on the EPAs with the EU.
- 13 Some countries have a special relationship with New Zealand (such as Cook Islands and Niue) while others have special links to the US (the Compact states of Palau, Marshall Islands and FSM).
- 14 These are: Cook Islands, FSM, Marshall Islands, Nauru, Niue and Palau.
- 15 Free trade arrangements are taken to mean 'free trade areas' or Customs Unions (as defined by GATT Article 24.8).
- 16 As PICs currently enjoy duty free (but qualified) entry under the South Pacific Regional Trade and Economic Cooperation Agreement, the improvements in access might be through measures such as more lenient Rules of Origin criteria, assistance with marketing initiatives and assistance with quarantine obligations.

- 17 The Cotonou Agreement, successor to the Lome Convention, was signed in Cotonou (Benin) on 23 June 2000.
- 18 The extent of disagreements over the modality of proceeding further with the EPA negotiations suggests that the Pacific ACPs are not being treated as genuine equal partners.
- 19 The extent of balance achieved in the new arrangements between these two sets of objectives will therefore be an interesting reflection of the degree of 'equality' between the two sets of partners.
- 20 The negotiations are expected to take place between September 2002 and December 2007, in two phases.
- 21 It is unclear how the new framework can be simultaneously equivalent to the existing situation and in conformity with WTO rules.
- 22 Other definitions being suggested are 90 per cent of product lines, or an optimistic hope for an asymmetric liberalisation, with 90 per cent being the average.
- 23 The World Bank (2002) argues that the PICTA member countries should reduce their external tariffs in order to reduce the costs of trade diversion. However, doing so would also reduce the incentives for domestic PICTA producers to benefit from the enlarged FTA market.
- 24 The effective rates of protection measure, at world prices, the value added, which is protected by the nominal duty.
- 25 For example, the requirements of building projects for roofing iron, or structural steel, might be better served by manufacturing plant in the PICs, able to quickly respond to specific needs.
- 26 Informal Melanesian Spearhead Group Trade and Economic Officials' Meeting, Forum Secretariat, 5 August 2002.
- 27 The 11th Melanesian Spearhead Group Trade and Economic Officials' Meeting (Port Moresby, 25 October 2002).
- 28 The minutes of the meeting apparently concluded that 'The above two (2) resolutions were adopted at the 11th [Melanesian Spearhead Group] Trade and Economic Officials' Meeting, subject to the acceptance of the above resolutions by each respective ... Member Country'.
- 29 With most of the material inputs necessary for the manufacture of the exercise books being imported, there would be miniscule domestic value adding, the effective rate of protection would be extremely high, with the costs all imposed on the hapless consumers.
- 30 The Samoan Government and its Ministry of Trade seem to be an exception in this area (see below).
- 31 There were fears that reduction of duties might have a severe negative impact on some governments' excise and custom revenues.
- 32 The agreement also states that the Rules of Origin Committee should ensure that 'if appropriate, [the rules] conform to the guidelines produced by bodies such as the World Customs Organisation and the World Trade Organisation'.
- 33 *Impact Assessment of Possible Economic Partnership Agreements with the European Union. A Report for the Pacific ACP States.* 2002.

- 34 It is ironic that several studies have argued that it would be to the advantage of PICs to unilaterally reduce import duties. Few PICs governments are convinced of that 35
- 35 Based on 2003 data.
- 36 The data are given on shares of import duty rather than shares of imports by value, as the two can be significantly different for most PICs.
- 37 The one exception is USP, whose recurrent budget is almost completely funded by the member governments.
- 38 A recent case in point was the furor over the appointment of the Secretary-General of the Forum Secretariat.
- 39 This was the response given to the author when he first suggested to a Forum Trade Experts Advisory Group meeting (including experts from New Zealand, Australia and the Commonwealth) that the PICs should open a negotiating front with Australia and New Zealand, simultaneously with the EPA negotiating front with the EU.

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Neo-Liberalism and the Disciplining of Pacific Island States – the Dual Challenges of a Global Economic Creed and a Changed Geopolitical Order

Claire Slatter

Introduction

Post-Cold War development and aid discourses on Pacific Island states reflect an ideological struggle for the hearts and minds of political leaders and policy-makers in Pacific Island states and their traditional benefactors in Australasia by free-market-policy advocates based in or linked to academia. A pronounced feature of these discourses, which advocate structural adjustment policies, or what is euphemistically termed ‘reform’ in the Pacific region, has been their employment of positive and negative imagery, ridicule and praise in analysing Pacific Island states, economies and societies. Seemingly complimentary references to Pacific Islanders’ ‘risk-loving, enterprising, seafaring forebears, whose voyages¹ opened the vast South Pacific, and who developed a distinct material culture and civilization in remote, resource poor islands’ (Kasper 1991: 70), like praise for how well Islanders who have more recently ventured into the outside world have adapted to ‘an extended individualistic order’ (Kasper 1991: 70), encourage enterprise and risk-taking in the uncharted economic seas of a deregulated global economy and a journeying away from all that Pacific Islanders have known, and held dear. At the same time, derogatory references in the discourses to Pacific Island states’ economic dependency on aid (Kasper 1988, 1991; Hughes 2003), and ridicule of their standing as

micro-political entities in the world of larger nation-states deter smaller island governments from questioning, much less resisting, the new economic wisdom of 'reform', while eroding the notion and value of national sovereignty. In these discourses, enterprising citizens — as individuals or as owners/shareholders of corporate bodies — rather than states, are presented as the primary agents of economic development, and the growth prospects of *islands*, as opposed to the viability of nation-states and national economies, appear as the principal concern.

Consensus among multilateral and bilateral donors in the region on what the Pacific Island states' best economic policy options are has seen the prioritisation of 'reform' in donor aid programming since the mid-1990s. The ideological foundation on which structural adjustment policies are based is neo-liberalism, a philosophy that hinges on beliefs in free enterprise, deregulated economies and labour markets, private ownership, individual property rights, small government, reduced taxes, a market-friendly state and global trade liberalisation, or the opening up of the world's markets, labour pools and resource bases to all economic competitors on theoretically equal terms. Many of the most ardent advocates of neo-liberalism are linked to economic policy think tanks that exist for the primary purpose of influencing political leaders and policy-makers through strategic dissemination of their publications. The one-size-fits-all economic model that they advocate is the same as that promoted by multilateral lending institutions and bilateral donors through structural adjustment policies, and there are indeed close interconnections between the advocacy work of neo-liberal think tanks and the policies of multilateral agencies and bilateral donors.

In the past 15 years, free-market advocates within Australian and New Zealand academia have been producing analyses of Pacific Island economies and states, some of them commissioned or otherwise supported by their governments, or written for multilateral institutions such as the World Bank and the Asian Development Bank (ADB). The use of ridicule and praise in several of these reports reflects the evident ideological project in which their authors are engaged and the far from value-free scientific basis on which their analyses and prescriptions rest. Selling market fundamentalism, like other variants of extremism, entails securing conversions through the combined strategies of castigation and shaming for wrongdoing, on the one hand, and promising a better life after repentance and return to the right path, on the other. The subjection of Pacific Island states to neo-liberal demagoguery and donor-driven economic and trade liberalisation constitutes what might be called a disciplining of island states in the post-Cold War, unipolar world of corporate-driven globalisation where free-market ideas appear to reign supreme. With the justification and cover for new forms of economic and political domination provided by the United States' 'war against terrorism', and the continuing influence of neo-liberal thinking, so-called 'failed' and 'non-viable' Pacific Island states could find themselves even more deprived of their sovereignty in the years ahead.

This chapter focuses on the fostering of neo-liberal economic ideas in the Pacific from the 1990s, the routes through which they have gained entry to and acquired credence in the region, the economic policy changes that derive from them, and the changed geopolitical context, global compacts and treaties that are the hallmarks of the

new global economic order underpinned by neo-liberalism. Attention is drawn to how neo-liberal ideas and their proponents have been shaping thinking within the Pacific, and *about* the Pacific and its future, especially since the 1990s, and to some of the implications of fully embracing these ideas and the policies they inspire.

Academic pushers of neo-liberalism in the Pacific

Neo-liberal economic policies were first advocated in the Pacific region by Australian economists based at The Australian National University (ANU). In 1988, barely a year after the first military coup in Fiji, a book entitled *Fiji — Opportunity from Adversity* (Kasper, Bennett and Blandy 1988) proposed (in the words of a reviewer) 'a three-pronged reform agenda to ... transform Fiji into a mid-Pacific Hong Kong'. Published by the Centre for Independent Studies (CIS), a think tank promoting free markets, individual liberty, 'democratic government under the rule of law', and a 'free civil society', the research on which it was based was initiated by the ANU's National Centre for Development Studies (NCDS) and was funded by the Australian Government's International Development Assistance Bureau (AIDAB), now known as AusAID. It was a collaboration that illustrated well the close links between neo-liberal think tanks, universities and government aid bureaus.² The book's chief recommendations were: constitutional guarantee of civic and economic rights to all Fijian citizens to restore confidence and security; rapid deregulation of labour, capital and produce markets; and comprehensive privatisation, to reduce the size of the government and invigorate activities stifled by bureaucratic and union controls. The authors viewed the break in Australia-Fiji aid relations, as a consequence of the 1987 coups, as a timely opportunity for Australia to re-evaluate its aid strategy, given changes in general thinking on economic and development policy around the world, and the new 'hard-nosed philosophy' that was spreading in donor countries (Kasper, Bennett and Blandy 1988: xii). They advised the Australian Government against providing unconditional aid to post-coup Fiji, saying it would be tantamount to 'an outright subsidy to a growing class of politicians, military and bureaucrats', who were accountable to neither Australian nor Fijian taxpayers. The key requirements for economic growth, they argued, were not aid but 'economic and social policies and the attitude of the population to work, learning, and capital formation'. They proposed the introduction of conditionality in Australian aid and advocated directing more aid through 'private channels' (specifically, voluntary agencies and private companies), and a more openly self-interested approach to using Australian aid.³ This was the first clearly articulated neo-liberal economic policy guide proposed to a Pacific state.

A second CIS publication⁴ on aid and development policy in the Pacific (Kasper, Bauer and Siwatibau 1991), blamed aid for inhibiting economic advance and judged it unnecessary, since capital required for development could be secured through foreign direct (private) investment. Transfers of wealth from Pacific Islanders living and working abroad to their families in the Islands were seen as inducing increases in public sector wages and salaries, exerting upward pressure on national wages and exacerbating difficulties in a number of Pacific Island countries (eg., by raising agricultural wages in Tonga,

Samoa and Cook Islands and making it increasingly difficult to secure agricultural labour). Traditional systems (such as the absence of a tradition of genuine private property), favourable natural endowments (which provide basic necessities with little effort, encouraging a work ethic that does not link work effort with survival), a benign or non-traumatic colonial experience and continuing post-colonial patronage through aid (which subsidised Pacific economies and maintained a level of 'subsistence affluence' and inappropriately large national governments modelled on those of larger states and run as personal fiefdoms by traditional or new elites) were together seen as inherent constraints to economic development.

Pacific Island states were said to be 'unfamiliar with genuine poverty' and were enjoying middle-income status by World Bank definition (with French Polynesia and New Caledonia 'exceeding New Zealand's modest living standards'), which could not be maintained by local production and productivity without perpetual aid. Fundamental problems were predicted and 'peaceful social evolution, cohesion, prosperity and stability' were seen as attainable only through the 'openness, vertical mobility, and scope for individual rivalry and self-realisation' that markets, civil rights and equality before the law could provide (Kasper, Bauer and Siwatibau 1991: 64). Changes in Pacific ways were considered necessary, namely 'more work, more systematic work, more savings, and a longer-term planning horizon', and the costs to cherished culture and values in embracing the 'growth and performance-oriented economic lifestyle', would be minimal.

In the first instance of deriding Pacific Island states, Kiribati was ridiculed for seeking to 'play a grand international role' by hosting a regional ministerial meeting in 1989 at enormous cost to Australian taxpayers, who footed the bill for a navy ship, which was dispatched to provide accommodation for participants. And 'most of the best-educated Pacific Islanders' were disparaged as 'professional aid seekers who increasingly regard foreign aid as a right and threaten to make political mischief if they don't get it'. Pacific leaders were evidently expected to be shamed by these deprecatory remarks into accepting the 'wisdom' of economic restructuring, and to trust that Western technology, management and economic modes of behaviour could be adopted in the Pacific, as they had been in Asia 'without giving up one's Chinese, Malay, Korean, Japanese or Indian identity' (Kasper, Bauer and Siwatibau 1991: 79).

The CIS's analyses of Pacific economies predated the World Bank's Pacific reports of 1991 and 1993, which together provided donors with authoritative texts for pushing 'reform' in Pacific Island states. Yet, there were obvious echoes of the CIS authors' perspectives and arguments in the World Bank reports.

Making structural adjustment policies the new development framework in the Pacific

In its first report on the state of Pacific Island economies (1991), the World Bank highlighted the 'sluggish' economic growth performance of Pacific Island states compared with the 'more dynamic island economies of the Caribbean (5%) and the Indian Ocean (7%)', and despite their receipt of 'some of the highest inflows of per capita development assistance' (World Bank 1991: 1, 3). Inward-looking economic strategies, such as protec-

tion of local industries, state enterprises and over-regulation, were blamed for this. A number of trade-centred 'dynamic growth strategies' were proposed as remedies: abandoning inward-looking, import-substitution policies and promoting private sector investment and export production; shifting away from producing primary commodities toward production of processed products for export; concentrating on a few specialised areas in which they had 'a clear comparative advantage'; and introducing greater flexibility in wages. Developing entrepreneurial capacity and expanding private sector participation in investment and economic activity were especially emphasised as the key to economic growth, and the primary challenge for Pacific Island economies in the 1990s, according to the World Bank, was providing a policy environment to facilitate private investment (World Bank 1991: iv).

Among the recommended macro-economic policies were fiscal adjustment to reduce fiscal deficits to more manageable levels, appropriate wage and exchange rate policies to maintain external competitiveness and keep wages in line with economy-wide productivity, restructuring the tax system to broaden the tax base, lower direct taxes, eliminate trade-inhibiting taxes, and a shift towards an indirect tax system that 'does not discriminate across productive sectors' (World Bank 1991: iii). Tariff reform, to reduce high tariff levels and remove protective arrangements, was recommended as an essential part of tax reform. Corporate taxes were recommended 'at rates conducive to private investment and growth' (World Bank 1991: iv).

Recommended public sector management policies included reducing the administrative budget (particularly public sector wages and salaries, which were considered to have grown excessively and had inflated wages throughout the economy), improvement of physical infrastructure, and introduction of a programme of privatisation, particularly for commodity marketing boards and other enterprises that 'crowd out private investment' or that 'could be more efficiently managed by the private sector'. Additionally, the report proposed the abandonment of five-year planning and the adoption of a new approach to national planning — one that 'emphasises macro-economic assessment and the preparation of broad development strategies' (World Bank 1991: viii).

With expanded export production, economic and labour market deregulation, privatisation or corporatisation of state-owned enterprises, and a strengthened private sector as its main policy prescriptions for Pacific Island economies, the World Bank showed little consideration for the peculiar limitations of small economies suffering distinct disadvantages in respect of resource bases, physical infrastructure, human resources and geographical location. The policy package offered to its Pacific member countries was little different from those offered by the bank to other countries, with vastly different economies.

The second World Bank report on Pacific economies appeared more mindful of the peculiar specificities of its Pacific member countries and even claimed that its objective was 'not to impose some model derived elsewhere, but to adapt approaches'. While more holistic in its coverage, with comprehensive chapters on human resource development and environmental issues, its economic analysis and policy prescriptions differed little in substance from those advanced in the earlier report. Public sector reform, efficiency in

the use of foreign aid and the crucial role of the private sector were reiterated as the keys to attaining sustainable economic growth, with high-growth economies of East Asia, the Maldives and Barbados cited as models for Pacific emulation. The 'Pacific Paradox' was coined to describe the conundrum posed by the absence of growth in average real per capita income in the past decade despite favourable natural and human resource endowment, high levels of aid and reasonably prudent economic management (World Bank 1993: ix, 1). A 'development partnership' between the state and the private sector was advocated as the key to achieving economic growth (World Bank 1993: 37). The bank recommended more effective economic engagement with the rest of the world, enhancing international competitiveness, broadening trade and investment links, especially with the East Asian growth centres, and reforming the public sector by restructuring, consolidating, privatising, down-sizing and lowering public sector wages, which were deemed to be 'well in excess of average national incomes' (World Bank 1993: ix–x).

Neo-liberal development studies

One of the first agencies to draw on the World Bank's first Pacific report as an authoritative text was the ANU's NCDS. This was not surprising, as its director in the early 1990s, Professor Helen Hughes, had worked for many years at the World Bank. In a series of research papers funded by AIDAB and published under the theme *Pacific 2010*, the NCDS aimed to 'alert Pacific Island governments and those responsible for the design and delivery of development assistance to the island states of the Pacific' of the 'doomsday scenario' that, in the opinion of the project's lead scholars, awaited the Pacific states unless they met the challenge of facing up to their looming economic and social problems. In assuming this role in the 2010 project, the NCDS revealed itself as an institution committed to advocacy in support of neo-liberal economic policies, a project to which its postgraduate training programme targeting future policy-makers in developing countries especially in the Asia-Pacific region, was also geared.

The first *Pacific 2010* publication (Cole 1993) was introduced by comments from NCDS's Islands/Australia Programme Director and former Fiji colonial government officer, Rodney Cole, who called Pacific Island states 'adroit players of the aid game', which had ensured for themselves 'a strong and regular flow of largesse, first from former colonial powers, but now, at the beginning of the '90s, from the world at large' (Cole 1993: vi). According to Cole, the inhabitants of South Pacific Island states now 'want[ed] more out of life than subsistence affluence', and Pacific Island leaders 'and their financial mentors' faced enormous difficulties in meeting the wants and needs of their 'rapidly expanding populations'. The publication's lead article provided a futuristic portrayal by *Australian Financial Review* journalist Rowan Callick.⁵ Intended by the project's leaders to present 'a more colourful picture, a grim and challenging picture, but one that is nevertheless disturbingly close to the drier portrait available from the data' (Cole 1993: 1), Callick's 'doomsday scenario' of the Pacific in the year 2010 was based on population projections of NCDS's demographers, who predicted a doubling of the region's population to nine million in just more than 15 years. Callick's wild imagining of the Pacific in 2010 was evidently calculated to shock Pacific leaders (who might not have found the picture

painted by the demographers 'easy to read') into taking steps to avoid what he portrayed as an otherwise inevitable nightmare: beggars on the streets of every South Pacific town, endemic malnutrition, a rising incidence of AIDS deaths, lagoons declared unfit for human activity and public water supplies unsafe for drinking, labour a major export from the region, modern and traditional narcotics major sources of foreign currency, gangs of youth extorting their own form of 'tax', and (an evident horror for Callick) 'a greater number of Asian workers arriving ... [with] mosques ... now found in almost every island capital' (Cole 1993: 5). Underlining the need for reform, Callick wrote:

Pacific Islanders lack sufficient savings to develop their region in pace with their aspirations and dreams, as opposed to their nightmares. Most forecasts assume a static or declining level of direct aid, concessional loans and even commercial capital available to the region, as other priorities take precedence. The South Pacific, it is said in such quarters, has had a good enough run, and now is its chance to stand on its own two feet. (Cole 1993: 7)

In Callick's view, regional policy-makers needed to accelerate the 'conceptual shift ... from a traditional emphasis on the importance of *distribution* of wealth (where a chief or big man gains stature from his gifts and from the generosity of his feasts) to an emphasis on *production*, on building (amassing), managing, and re-investing that wealth'. He wrote:

A new type of generosity is thus required — *one that may mean standing by to make room for people with special talents, especially to do business profitably*. This shift can only take place through an example being set by the South Pacific leaders themselves — politicians, senior officials and traditional chiefs. (Cole 1993: 7)

Assuring Pacific leaders that 'the appropriate domestic policies, implemented wholeheartedly by island nations — not just governments, but communities as a whole — ... with the support of a friendly external environment [could] turn the grim trends around', Callick highlighted policies that he said were required urgently to be put in place: population policies to reduce national growth rates, national environmental policies based on national audits of existing environmental problems confronting each nation, and economic adjustment (Cole 1993: 8–9). He then itemised the required economic reforms: tighter budgetary discipline; measures to enhance competitiveness; corporatisation and privatisation; reform of the financial sector; adjustment of exchange rates; altering the way wages are determined; and reorganisation of government priorities so that a greater proportion of the budget is spent on education, health and infrastructure (Cole 1993: 10–11).

... [A] greater sense of international interdependence will have to emerge, perhaps starting within the South Pacific Forum. The success stories, economically and politically, will be those emphasizing openness and links — trade, investment, even the movement of skilled workers, foreigners and nationals, in and out of the country —

rather than those emphasizing a defiant independence. A greater focus within the region on free trade would help to frame the right mentality. (Cole 1993: 11)

In the only substantive analysis in the book, education professor and economist Ken Gannicott discussed the likely higher costs of education within the seven countries in the next 20 years, showing three different scenarios of the financial burden for each country of providing primary and secondary education under conditions of moderate enrolment increases and 'low GDP', more rapid enrolment increases and low GDP, and more rapid increases in enrolment and 'high GDP' (Cole 1993: 18–24).⁶ Gannicott went on to prescribe 'what needs to be done' (Cole 1993: 26): a population policy, a lowering of school unit costs by World Bank recommended strategies such as cost recovery in higher education, reallocation of expenditure within the education sector and decentralised management, and higher economic growth through structural economic reforms (1993: 26–7). Accepting without question the bank's projections 'of the faster [economic] growth that would be possible from structural and policy reform in the region' (Cole 1993: 21), Gannicott's tables aimed to show that 'if the economy grows at the much faster rates considered feasible if structural economic reforms are carried out ... [educational objectives] can be achieved [at a lower] per cent of GDP' (1993: 27).

Gannicott also addressed labour force growth and employment, highlighting the particularly difficult times that lay ahead for Kiribati, Papua New Guinea, Solomon Islands and Vanuatu, with high rates of increase of the labour force, the generally 'poor record' of Pacific Island countries in creating employment and the fact that much of the wage employment in the Pacific region (about 40 per cent) had been in the public sector (Cole 1993: 30–1). He reiterated the exaggerated employment projections of the World Bank's high GDP scenario (with structural reforms) for Papua New Guinea — 'formal sector employment could grow from 214,000 in 1990 to 327,000 in 2000' (World Bank 1991a: 30, cited by Gannicott in Cole 1993: 32) — and cited extensively from the World Bank's 1991 report, *Pacific Island Economies: Towards Higher Growth in the 1990s*, reproducing its arguments that incomes were too high in the Pacific, that they were sustained not by domestic savings but by remittances and official transfers, that the large inflows of aid had fostered growth in the government sector at the expense of the private sector, and that high wages in the government had 'disincentive effects' on other sectors in the labour market, notably agriculture (Cole 1993: 39).

Gannicott's concluding proposals could have been lifted verbatim from the World Bank report: develop policies to promote a climate for private investment by removing 'distortions in exchange rates, wages, and tax and trade policies' as well as 'regulatory hurdles to private activity'; channel more aid to the private sector to support the development of private sector employment opportunities; improve efficiency in the public service and improve its capacity 'to support private sector development' through public expenditure restructuring, tax reform, public pricing policy and reduced public sector involvement in services that the private sector can provide more efficiently; and provide cost-effective education.

Intervening in Pacific Islands states through the South Pacific Forum

Greg Fry (1997) has written of how the *Pacific 2010* publication gave ‘intellectual authority’ to the then newly elected Australian Labor Government’s new aid policy for the South Pacific, enunciated later in the same year by Gordon Bilney, Minister for the newly established portfolio of Pacific Island Affairs. According to Fry, Bilney’s address signalled that Australia’s new Pacific Policy would be focused, not on the earlier Cold War preoccupation with ‘regional security’, but on ‘radically transform[ing] the regional economic order’ to bring it into line with Australia’s own reform agenda and generally prevailing policy trends (Fry 1997). Fry’s prophetic assessment was that the new policy approach would involve ‘an intended level of intervention in Pacific Island societies and states not contemplated since the colonial period’ and that its purpose would be ‘to transform not only the development model and to reform government procedures, but also to effect change in cultural structures and traditional practices such as customary land tenure’ (Fry 1997).

The selected target for the launch of this new policy thrust towards a regional agenda of economic restructuring, informed by World Bank and NCDS thinking, was the South Pacific Forum (now called the Pacific Islands Forum), which met in Brisbane that year. In the words of Sutherland (2000: 465), the Brisbane meeting of the forum marked a ‘turning point’ in its history. Three decisions directly relating to a regional agenda of economic restructuring were made by Pacific leaders at that forum. Firstly, after agreement that the private sector ‘had an important role to play in the reforms now being undertaken in the region and needed to be strengthened to enable it to lead the next stage of growth’, the Forum Secretariat was directed ‘to undertake a greater facilitating role in providing policy advice to member governments in these areas’ (*Forum Secretariat News*, No. 13, December 1994). Secondly, it was agreed that annual Forum Finance Ministers’ Meetings be held to consider appropriate aspects of economic reform and Australia’s offer to fund the first such meeting at the Forum Secretariat the next year was accepted. Thirdly, it was agreed to encourage the participation in Forum Economic Ministers’ Meetings of representatives from the international financial institutions, that is, the World Bank, the International Monetary Fund and the ADB. Two further decisions made at the Leaders’ Retreat that followed the Brisbane forum, from proposals put by the Australian Government, were to ‘reform the [Pacific Islands]⁷ Forum process to ensure greater effectiveness’ and to restructure its Secretariat (Sutherland 2000: 465). The latter process, according to Sutherland (2000), was already under way, but clarification of its purpose would not have gone astray. The decisions were aimed at creating optimum conditions for achieving focused discussion on specific issues (highlighted by a theme), securing prior political agreement on specific reforms and on a programme for implementation, and narrowing the responsibilities of the Forum Secretariat to the core business of supporting and facilitating the agenda of economic restructuring.

The forum has been an effective avenue for the transmission of neo-liberal economic ideas and thinking to Pacific Island leaders by external agents, and, as the

members of the forum with the most resources and the considerable leverage of their donor status, the Australian and New Zealand governments have been in a strong position to influence agendas, frame debates and propose policy decisions. By 1994, when the broad outlines of a regional restructuring agenda began to emerge with distinct coherence within the South Pacific Forum, Australia and New Zealand were themselves heavily committed to economic restructuring within their own countries, and were intent on exporting their economic policies to the Pacific region.⁸ The proposed restructuring of the Forum Secretariat was a crucial step in a multilateral, donor-driven process aimed at achieving the twin objectives of economic restructuring and governance reform, and the administrative and programme restructuring that occurred between 1994 and 1995 effectively narrowed the Forum Secretariat's functions to providing technical and administrative support for the region-wide implementation of economic policy reforms.⁹ Indeed, after 1995, the facilitation and oversight of economic, financial and trade reforms in the region became the core business of the Forum Secretariat. From convening and servicing annual meetings of Pacific Island finance and trade ministers, attaining collective, time-bound commitments from them to implement reform targets, and establishing monitoring mechanisms to ensure these commitments were met, to advancing trade liberalisation through the mechanisms of regional trade agreements, the Forum Secretariat's role has been central to implementing the externally driven programme of economic, financial and trade reforms aimed at achieving region-wide economic, financial and trade liberalisation.

At the 26th South Pacific Forum meeting in Madang in 1995, and at the Leaders' Retreat that followed it, discussions were guided by the theme, 'Securing Development Beyond 2000', and a plan of action and a vision statement were adopted (Annexes 1 and 2 of the Forum Communiqué, 1995). A comprehensive list of national economic policy measures and regionally based activities were endorsed by the Pacific Leaders as key to securing development beyond 2000, and, not surprisingly, it read like a checklist for neo-liberal policy measures:

- securing the potential benefits of globalisation by enhancing competitiveness through promoting price stability (low inflation);
- avoiding artificial distortions to the prices of domestic resources (land, labour and capital);
- reducing trade taxes and import duties, which adversely affect export competitiveness;
- removing implicit and explicit barriers to foreign direct investment;
- adopting and implementing the investment principles agreed to by APEC members as a signal to potential investors of the region's serious intentions to promote and encourage foreign direct investment;
- working towards implementation of trade reform measures as requested by GATT/WTO, including by replacing non-tariff barriers with tariffs and setting timeframes for minimising tariff levels; promoting trade within and outside the region by standardising administrative procedures in areas of customs and quarantine, labelling and packaging, export and import controls, exchange controls and technical standards; and

- improving public sector efficiency and cost effectiveness through the rationalisation of public services, policy coherence and commitment to the principle of good governance. (Communiqué, South Pacific Forum [95] 16: 16)

By 1995, there was an evident convergence in World Bank and South Pacific Forum thinking. Sutherland (2000) reported that by the time the World Bank published its third report on its Pacific member countries in 1995,¹⁰ 'the task of convincing the islands to undertake reforms had been achieved' and the 'pleadings and urgings' of its earlier reports had given way to 'specific, sector-focused advice and even a statement of "Priorities for Regional Actions" in the 1995 report' (Sutherland 2000: 462). By the second half of 1998, he said, the regional reform agenda was reportedly 'well and truly in place' (Sutherland 2000: 468).

Between 1995 and 1998, programme lending by the ADB in support of 'economic, public sector and governance reforms' assumed a significant proportion of the bank's lending in the Pacific (Knapman and Saldanha 1999: 1), a change in 'operational focus' that saw the ADB funding policy reform implementation in six Pacific Island states — Cook Islands, FSM, Marshall Islands, Samoa, Solomon Islands and Vanuatu. By 1998, no less than 11 other donor agencies were funding or had assisted public sector reform projects in one or more of the following seven countries of the region — Cook Islands, FSM, Fiji, Marshall Islands, Vanuatu, Samoa and Tonga (AusAID/NZMFAT 1998: 1).¹¹

From 1995 onwards, regular meetings of Forum Finance Ministers — from 1997, Forum Economic Ministers' Meetings — effectively charted the course for the systematic implementation of structural adjustment in the region. Pacific Islands Forum meetings from 1995 were clearly being provided with direction and leadership by this grouping of Finance (and, after 1997, Economic) Ministers. The institution of this strategic political mechanism involving the political heads of national treasuries was an effective mechanism in advancing the regional reform agenda. Meetings of Finance Ministers functioned as a sub-council of the forum, carrying out advance planning of national economic and trade policies for implementation across the region. Later, through reporting mechanisms that were adopted, they monitored policy implementation. The institution of Finance Ministers' meetings effectively moved national economic planning and decision-making beyond the domain and purview of national constituencies. And the inclusion of representatives of international financial institutions in the annual meetings of Forum Finance (and Economic) Ministers from 1995, at the suggestion of the Australian Government, placed donor agencies and international financial institutions in a strategically advantageous position to influence economic policy decisions and to follow up policy advice with financial and technical assistance to facilitate national implementation of policy reform. More importantly, it facilitated the development of an integrated, multilateral approach to restructuring Pacific economies and states. The high level of coordination and collaboration in designing and implementing economic restructuring in the Pacific Island states achieved between 1995 and 1998 was grounded in what the ADB described as a consensus among donors in respect to development assistance to the Pacific Island states (Knapman and Saldanha 1999: 9).

Ensuring participation and ownership – the ADB approach to reform

The political neutrality and considerable financial and technical resources of the ADB favoured it as the lead designer/coordinator and financier of economic restructuring within the island states of the Pacific, as evinced in the following explanatory note provided in the report of a joint Australian and New Zealand government review of the ADB's role in Regional reform, undertaken in 1998:

Bilateral donors are unable to respond in the same way [as the ADB] because of historical links with Pacific Governments or inability to mobilise sufficient resources and the broad range of expertise required to address financial management, macro economic policies, public service restructuring, debt, legislative and governance issues as well as the social impact of reforms. (AusAID/NZMFAT 1998: 1)

A shift in the ADB's strategic focus for Pacific Developing Member Countries in October 1995 to accommodate the lead role it was to assume for macro-economic policy reform in the Pacific Islands states appears to be the outcome of Australian and New Zealand government intervention. Both governments, out of a concern to 'foster a high level of coordination and collaboration', had commissioned a joint review of the ADB's technical assistance programmes in 11 Pacific Island countries in 1995 (AusAID/NZMFAT 1998: 1). This followed the creation of an Office of Pacific Operations within the bank's Manila headquarters in January 1995. The subsequent shift from 'sector and project lending' to 'support for macro-economic stabilisation and structural adjustment, and public sector and governance reform' (Knapman and Saldanha 1999: 1) saw the ADB take on the role of supporting government policy reform efforts through the provision of Public Sector Reform Programme Loans and chairing new consultative group processes in the Marshall Islands, the FSM and Cook Islands (Terms of Reference, Joint Australia/NZ Review 1998: 38). By 1999, the ADB was designing and underwriting restructuring programmes in no less than seven Pacific Island states with the support of bilateral donors, namely New Zealand (in Cook Islands and Samoa) the United States (in FSM and Marshall Islands), Australia (Solomon Islands), France and the EU (Vanuatu and Solomon Islands).

The ADB's view of what it has been doing appears disinterested and technocratic, its interventions presented as necessary responses to restore macro-economic stability in Pacific Developing Member Countries facing fiscal crises. In the words of Knapman and Saldanha, the response to crisis by Pacific Island states and donors usually followed a pattern:

... the first step of government has been to appeal to external funding agencies for initial and urgent fiscal support to tide over the crisis. Such agencies, including the Bank, have taken the opportunity to engage the government in examining the root causes of the fiscal crisis, viz. economic policy and management, poor governance and an out of control public sector. In most cases this process has culminated in the prepa-

ration of a reform framework that includes a conditionality matrix covering the key factors that need to be addressed (in the case of Cook Islands, RMI, FSM, Vanuatu) or a more informal meeting (as in the case of the Solomon Islands) at which the government and external funding agencies have agreed on the framework for reform and related external support. (1999: 6)

The ADB puts an emphasis on achieving what it calls 'participation and ownership', usually through national summit meetings (Cook Islands, Vanuatu, FSM and Fiji). These have played a critical role, according to Knapman and Saldanha, in engendering national consensus on the need for reform, thereby enabling governments to 'proceed with reform agendas that would otherwise have been unpalatable to the general population'. Summits, they said, presented opportunities (in Cook Islands, FSM and Vanuatu) for representatives of the people to not only 'express their unhappiness with the state of governance', but to 'vent their frustrations with continued misgovernment' (Knapman and Saldanha 1999: 13). These exercises of setting governments up to receive strong public criticism and of giving 'representatives of the people' an understanding that they were being consulted and listened to helped soften up governments and national constituencies for reform. In Knapman and Saldanha's words, 'the messages offered were accepted and provided a strong basis for developing and ensuring public acceptability of the reform programmes' (1999: 13). Equally as significant as summit meetings for engendering ownership and participation is having a 'champion or group of champions of the reform process'. In all six Pacific countries, they reported, 'the top political leadership' championed the reform, thereby engendering 'strong political and public commitment' (Knapman and Saldanha 1999: 9).

The Forum Secretariat and the push for regional trade liberalisation

Structural adjustment policies are now widely recognised as paving the way for a global regime of free trade, a 'borderless world' in which free access to the resources and markets of the globe will theoretically be enjoyed equally by all competitors, irrespective of where they are located. As Gita Sen of feminist network DAWN¹² has put it, structural adjustment policies were evidently the 'battering ram' for trade liberalisation. The strategy of achieving global trade liberalisation incrementally through the imposition of structural adjustment policies and bilateral and multilateral treaty processes or social contracts between or among states, with resulting agreements emerging as enforceable global trade laws under the multilateral trading system of the WTO reflects the current geopolitical order, dominated by advanced capitalist states and the transnational corporations that run their economies. As the growing conflict between developed and developing states within the WTO at the past three Ministerial Conferences amply signals, the global architecture of free trade is being framed in the interests of the economies of developed states and the corporate interests that dominate them, to the detriment of developing countries. In this context, what Pacific Island states have to gain from the end point of

reform or structural adjustment, which is to say global free trade, is open to contention. Yet, Pacific Island states continue to pursue liberalisation policies as if there were no alternative, a response that has resulted from the apparent conversion of key political leaders and policy-makers in the region to neo-liberal economic ideas, and from the role played by the Forum Secretariat in advancing the agenda of trade liberalisation.

From 1999, the Forum Secretariat worked to secure Pacific Island states' compliance with WTO trade principles and rules through the modality of two regional free trade agreements. One of these, the Pacific Island Countries Trade Agreement (PICTA), was portrayed as the realisation of a regional dream and the answer to the Pacific's economic woes; the other, the Pacific Agreement on Closer Economic Relations (PACER), as a benign 'umbrella agreement' aimed at 'keep[ing] the Forum family together'. Region-wide political support for PICTA was mustered on the basis of the idea that regional (as opposed to external) interests underlay the agreement and would be served by it. The bullying by Australia and New Zealand within the Pacific Islands Forum that led to the establishment of PACER, and its implications for the Pacific Island economies, remained a closely guarded secret until a study of the origins, content and implications of the PACER, commissioned by the Pacific Network on Globalisation, exposed them (Kelsey 2004). The Forum Secretariat's fast-tracking of the free trade agreements from conceptualisation to ratification was a feat accomplished by skilful marketing of PICTA, engagement of free trade advocates as consultants/advisors, speedy drafting of the agreements by New Zealand consultants, and successful lobbying of Pacific Island governments for their signature and ratification.

Although PACER was not supposed to come on stream until after PICTA had been in force for eight years, PACER was more speedily ratified than PICTA (by the requisite six Pacific Island states plus Australia and New Zealand), and so came into force in October 2002, *ahead of PICTA*.¹³ This development, which was anticipated by the Pacific Network on Globalisation (PANG) in its critique of the Forsyth and Plange social impact study (PANG 2002), threw into question the 'stepping stone' that PICTA was supposed to represent and the two consultants' blithe assurances that PICTA's impacts would be minimal.¹⁴ As a member of PANG wrote, in February 2002;

... the Social Impact Assessment on PICTA is being cleverly used to give the impression that since PICTA will have minimal impact on Pacific Island countries, PACER will also have minimal impact. A used car salesman could not have done a better job ... the money spent on ... the PICTA study is money down the drain ... what Pacific Island countries need to see is a Social Impact Study on PACER.

In July 2003, University of the South Pacific economist Dr Wadan Narsey confirmed that once the free trade pact with Australia and New Zealand came into effect it would be 'catastrophic for local businesses'. 'I would estimate that over 80 per cent of local businesses here in Fiji would fold,' he was quoted as saying, adding:

I think governments have not thought through the consequences of joining a free trade area ... We hear all this talk of ... efficiency and economies of scale. But the

reality is, small companies will be forced out once the big players come to town ... Governments have not worked out an alternative plan on how to re-employ people if factories close and people are left without jobs. (Narsey, cited in Tavita 2003)

Narsey's study on the implications of including alcohol and tobacco in PICTA, commissioned by the Forum Secretariat,¹⁵ concluded that once PACER was operational and duties against Australian and New Zealand exports were removed, British American Tobacco, which owned all tobacco production in the Pacific, would likely concentrate production in just one forum island country. Parent companies of foreign-owned beer factories in the smaller Pacific Island countries will likely also take advantage of economies of scale and market access to concentrate on marketing their highest-selling products, with Fiji, Papua New Guinea and possibly Samoa benefiting at the expense of Vanuatu, Tonga, Palau and Cook Islands in the short term. Once Australia and New Zealand are included in the free trade area, all Pacific beer consumption is likely to be supplied from Australia. Narsey suggested that this could be the scenario for other manufacturing industries and cautioned Pacific Island governments against encouraging firms to expand to take advantage of PICTA if the benefits to be derived from doing so are to be lost once PACER kicks in.

The negative implications of trade liberalisation for the Pacific Island states go beyond expected contractions and closures in the manufacturing sector. Aside from the loss of revenue from tariff cuts, and the increased indirect tax that will likely be imposed to compensate governments for this revenue loss, the push to open up services under the General Agreement on Trade in Services (GATS) has seen formal requests being made by the EU for the opening of land for purchase by non-citizens in Melanesia and the elimination of work permit restrictions on foreign companies. The GATS holds serious implications for public health and education systems in the Pacific (reduced subsidy, lowered quality and lower access), as do any future WTO agreements on the so-called 'Singapore Issues' of government procurement, investment and competition policy.

The challenges of neo-liberalism

Despite growing doubts about the benefits to be derived by Pacific Island economies from trade liberalisation, advocacy for trade liberalisation continues unabated in the region. And neo-liberal analyses of Pacific states and societies continue to influence the way the Pacific and its future are perceived by donor governments, and the interventionist strategies being pursued in the region.

A recent article offering a 'roadmap for rapid growth and development in the Pacific' argues that 'the best way to support the Pacific is through continuing trade liberalisation to reward the steps necessary to increase exports from the Pacific and thus create incomes and growth' (Hughes 2004: 1). Published by the CIS and titled *The Pacific Is Viable*, the paper is the second on the Pacific written by former NCDS Director Helen Hughes and published by the CIS in the past two years. In addition to restating her arguments on the negative effects of aid and resource rents, and the absolute necessity of

abandoning communal land ownership in favour of individual property rights,¹⁶ Hughes continues her ridicule of smaller island states and advocacy for their integration into a federation, to avoid costly national and bureaucratic structures and ‘inappropriately elevated international representation’ (Hughes 2003). Not surprisingly, given Prime Minister John Howard’s known support for the work of the CIS,¹⁷ the federation idea has found favour with the Australian Government, which has advanced a proposal for a Pacific Economic Community, with a single (Australian) currency and a regional central bank, together with a regional legal and administrative structure to respond to law and order breakdowns. The prospects for the Pacific Island states of joining such a community, dominated politically and economically (under PACER) by Australia, are hardly advantageous. Australia’s recent intervention in the Solomon Islands, justified by the Australian Strategic Policy Institute (ASPI), another neo-liberal think tank, on the grounds of the ‘failed state’ thesis, has already been shown to be about more than restoring law and order and security. And the presence of RAMSI has ensured an orderly return to the implementation of structural adjustment policies in the Solomon Islands. Many speculate that direct intervention by Australia in Papua New Guinea will follow. In July 2004, the CIS published a report on Papua New Guinea by Hughes (Hughes 2004a), which offered a free-market blueprint for more aggressive Australian intervention in that country. The report was released as 230 Australian officials and police were preparing to take over key posts in the PNG police force, courts, finance and planning ministries, customs and civil aviation. In other Pacific countries, large numbers of Australian and New Zealand consultants on contracts financed by bilateral aid programmes already occupy positions within key ministries and state agencies, advising, supervising or drafting legislation for reform implementation.

In an evident downplaying of sovereignty, Hughes’ argument that Norfolk Island, which without aid has a per capita income nearly twice that of Australia, is a model for emulation (Hughes 2003: 4) is restated in her more recent article. The inclusion of Norfolk Island in a comparative table on Pacific Island states and territories, and the use of the term ‘islands’ as referents, rather than states or countries (as in ‘*All Pacific islands* could be viable at high standards of living within a generation if they adopted policies that matched their endowments’ and ‘The policy measures needed to make *every Pacific island* viable are well known ...’) reflect the neo-liberal bias against states as political entities with regulatory and other powers that can be used against the interests of free enterprise. The conceptualisation instead of ‘islands’ as economic entities, presumably run by free market technocrats, suggests island populations not of citizens with rights, but simply of producers and consumers, or buyers and sellers — in other words, societies defined and governed by the market. This raises a number of fundamental questions about the future being envisaged for us by neo-liberals such as Hughes. Firstly, is the emphasis on islands as opposed to states in Hughes’ neo-liberal discourse calculated to prepare Pacific Island *states* for an even more reduced role in future years? If so, how will Pacific citizens in such societies exact accountability from those who make economic and social policies that severely impact on their lives? And what meaning will we attach to elections, or to the implicit social contract between democratic states and citizens, which

obliges states to protect the interests of all their citizens, and which assures them of a broad range of rights and entitlements, not least those enshrined in long-standing protective laws? And how are Pacific Islanders, dispossessed of the communally held land that is the basis of their semi- subsistence livelihoods, expected to respond to a rash of land sales to wealthy foreigners and corporations? The aggressive marketing of neo-liberalism and its core values of individual advancement, private wealth accumulation and open access to resources, strikes at the heart of things that have long been enshrined in law, cultural value systems and social practice in the Pacific Islands. The time is long overdue for critical investigation and public debate on the long-term implications of following a course set by outside navigators whose final destination is not of our choosing.

Notes

- 1 References to voyages and voyaging appear in Bauer, Kasper and Siwatibau 1991; Hughes 1998; and the World Bank 2002.
- 2 The CIS then had offices in New South Wales and Auckland. From the mid-1980s to the early 1990s, many of its members were also members of the powerful New Zealand Business Roundtable, whose proposals, according to Kelsey (1993: 135–6), were indistinguishable from those of Labor and National governments from 1984, when New Zealand's economic reform programme began to be implemented.
- 3 Eg., inducing (private) Australian health clinics and hospitals to set up branches in Fiji and encouraging pre-retirement Australian health personnel to undertake two- or three-year contracts there; reducing assistance to the University of the South Pacific and providing a larger number of scholarships to Fijian citizens to study in Australia; using aid to provide Australian supervision and technical advisors in private schools and training schemes; and supporting the establishment of 'cheap community colleges' to help improve racial balance in economic life (Kasper, Bennett and Blandy 1988: 146).
- 4 The volume brought together papers presented at a session on development in the South Pacific of a Pacific Regional Meeting in Christchurch in November 1989 sponsored by the Mont Pelerin Society, a highly influential, private think tank founded in Switzerland in 1947 by European and American intellectuals strongly opposed to socialism, central planning and the regulatory state, and dedicated to promoting the ideas of economic liberalism. The moving force behind the formation of the society was Austrian-born British economist Fredrich Von Hayek, and one of its 39 original founders was Milton Friedman. Kasper and other members of the CIS were members of the society in 1997, as was Ruth Richardson, former National Government Finance Minister in New Zealand.
- 5 See Rowan Callick, 'A doomsday scenario', in Cole 1993.
- 6 See Ken Gannicot, 'Population, Development and Growth', in Cole 1993.
- 7 The Pacific Islands Forum was then known as the South Pacific Forum.

- 8 Neo-liberal ideas, termed 'economic rationalism' in Australia, began to take hold under Bob Hawke's Labor Government in the 1980s and early 1990s; more radical commitment to structural adjustment emerged under the government of Paul Keating from 1993–95 (Fry 1997: 317). New Zealand's experiment with structural adjustment began in 1984, with the application of 'Rogernomics' (the neo-liberal economic policies of Treasurer Roger Douglas) under the Labour governments of David Lange and Mike Moore. It was continued, with even greater vigour, by successive National Party governments.
- 9 The restructuring of the Forum Secretariat followed a review and regional consultation exercise by three consultants — Savenaca Siwatibau, then Director of the ESCAP-Pacific Operations Centre based in Vanuatu and a strong advocate of economic restructuring in the Pacific Island states; Bruce Davis, an Australian national, former Deputy Secretary-General of the Forum Secretariat, and, at this time, a senior officer within AusAID; and Makarita Baaro, a sociology graduate of the University of the South Pacific and then Secretary for Foreign Affairs in Kiribati. Their report is not a public document, but the reorganised Forum Secretariat that resulted from their review indicates the evident intention to streamline the secretariat's functions and narrow its scope and programme to support reform.
- 10 World Bank. 1995. *Pacific Island Economies: Building a Resilient Economic Base for the Twenty-First Century*. Report No. 13803. EAP. February.
- 11 These included the IMF, the Pacific Financial Technical Advisory Centre, WHO, UNDP, the European Union, AusAID, the New Zealand Ministry of Foreign Affairs and Trade, the Japanese Development Agency, French Aid Agencies, USAID and other US agencies and ESCAP Pacific Operations Centre.
- 12 Development Alternatives with Women for a New Era, a global feminist network that analyses global policies and issues that impact on poor women in the developing world.
- 13 Moreover, an in-built provision in PACER (Article 6) triggers 'mandatory consultations or free trade negotiations with Australia and New Zealand' if any forum island country that is a party to PACER enters into negotiations for a new free trade arrangement with either 'an outside *developed* country' or a developing country with 'a per capita GDP higher than that of New Zealand'. If the forum island countries *as a group* begin free trade negotiations with any outside country, consultations with Australia and New Zealand have to be held. The provisions of Article 6 were expected to trigger negotiations on PACER as early as September 2002, when EU-ACP negotiations for Economic Partnership Agreements under the Cotonou Agreement were expected to begin (PANG 2002: 10–11).
- 14 The Forsyth and Plange study, commissioned by the Forum Secretariat, relied on the findings of Scollay (1998) that the impacts of PICTA would be minimal, and that the benefits would outweigh the costs.
- 15 The forum study has not been released but its findings are summarised in Narsey (2004).

- 16 Hughes' earlier article, published in 2003 and titled *Aid Has Failed the Pacific*, elicited much criticism within the region and in Australia and New Zealand, and many of the critical responses to the paper are available on the Internet.
- 17 Howard paid tribute to the CIS at its 20th anniversary dinner in 1996 in Sydney, as recorded on the CIS's web site, www.cis.org.au.

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A Single Currency for the Pacific Countries?

T. K. Jayaraman

Introduction

Efforts towards the economic integration of Australia, New Zealand and the Pacific Island countries (PICs)¹ received a major boost in March 2003 when an Australian Senate Committee (2003) made a recommendation to usher in a Pacific Economic and Political Community. The Senate Committee, which studied Australia's relations with the PICs, specifically suggested adoption of the Australian dollar as the common currency. The inspiration behind a single currency came from the successful introduction of the euro in Europe, just a year before the new millennium.

The subject of the integration of PICs, most of them having been found to be less than viable, despite substantial decades-long aid inflows (Hughes 2003), has, however, been under consideration for a while. Trends in economic integration — ranging from preferential trade to free trade arrangements and to economic and monetary union, especially in developing regions² — have given further impetus to such attempts in the Pacific (Jayaraman 2001). Two major initiatives were launched in 2002, one towards achieving free trade by 2010 exclusively among PICs and free trade by 2015 with Australia and New Zealand.³ Gradual trade liberalisation in the next few years was considered as a stepping stone to promote regional economic integration.

Chand (2003) has noted that the response to the Australian proposal was not enthusiastic. It appeared that Australia was too quick to propose a currency union since a strong sense of regional solidarity, which evolved over 50 years in Europe, was singularly absent in the Pacific region. Aside from a political case, one has also to assess whether there is an economic case for a single currency. This chapter, which seeks to examine the feasibility of a common currency for the region as a whole, covering Australia and New Zealand and the PICs, as well as exclusively for the PICs, is organised into three sections: the first section provides a theoretical background of monetary integration; the second

investigates the readiness of PICs for a single currency; and the final section presents conclusions with policy implications.

A brief theoretical background

The economic integration of sovereign states usually begins with freer trade through the dismantling of trade barriers, with freedom to retain their existing but varying tariff and non-tariff barriers against imports from the rest of the world. The next step is agreeing to impose a set of common tariffs against imports from outside the region, an arrangement known as a customs union. If this arrangement were accompanied by perfect mobility of capital and labour, there would emerge a single economic space, known as a common market. The logical next step is monetary integration. Some member states might not proceed further and would prefer to postpone the decision on joining a single regional currency. In between these upward movements, the member states build up the required political will towards monetary integration. The evolution of the euro is a case in point.⁴

Institutional arrangements for monetary integration take different forms. The degree of rigour varies from highly restrictive to flexible (Masson and Pattillo 2001b). At one end, it is a *currency union*, in which a single currency, either through creation of a new currency or adoption of the existing national currency of a leading member country, prevails with a common monetary policy for all members. A common currency is the ultimate or the *nirvana* of the economic integration of states, without having to surrender their sovereignty. Known as a currency union, it is a zone of countries, where (i) a single currency circulates; (ii) a single monetary authority operates; (iii) a single exchange rate policy prevails; (iv) the single monetary authority maintains a common pool of reserves; and (v) free trade takes place within the region.

An intermediate arrangement is known as *monetary union*. Under this, national currencies coexist with common monetary and exchange rate policies. However, under currency and monetary union arrangements, a supranational monetary authority is established for pursuing a common external exchange rate and monetary policy, with national central banks relinquishing individual control over international reserves by vesting them in the common monetary authority. The monetary union permits the possibility of an exit should a member country want to return to its previous regime, as it can easily fall back on its own currency. An exit from a currency union is far more difficult. It has to face substantial costs involved in restoring its discontinued national currency and reviving the central bank and related arrangements.

At the other end of the spectrum, there might be *pseudo exchange rate arrangements* of monetary integration. In a pseudo exchange rate union, a permanently fixed relationship between national currencies might be assured. There is, however, no explicit integration of economic policy, no common pool of foreign exchange reserves and no single central bank. In the absence of these mechanisms for maintaining fixed exchange rates, there are possibilities of member countries deliberately depreciating or appreciating their currencies against each other (Corden 1972).

Cohen (1998) emphasised the need for a strong bond of solidarity among the participating member countries. A long period of close cooperation as well as the continued

existence of regional institutions would contribute to the strengthening of such a bond. There should be at least one leading member, such as Germany in the case of the euro, having a good record of central bank independence. An independent central bank would not permit any fiscal expansion unsupported by domestic resources. Thus, it would act as an 'agency of restraint' to fiscal indiscipline (Masson and Pattillo 2001a). The 'agency of restraint' solution need not be in terms of a monetary union.⁵ In fact, no such country with fiscal indiscipline would be admitted to any union in the first place, unless some semblance of fiscal order is restored and maintained over a period. The prerequisites are known as convergence criteria,⁶ by which the country's suitability would be evaluated.

Gains from a common currency, in addition to reinforcing fiscal discipline and strengthening the credibility of monetary policy, arise from elimination of (i) transaction costs involved in currency conversion, and (ii) risk from uncertainty in the movements of exchange rates between trading partners (McKinnon 1963). The disadvantages are the loss of two important macro-economic adjustment tools: independent monetary and exchange rate policies. The member country has to abide by a union-wide, common monetary policy. It has to relinquish its exchange rate, an instrument for protecting itself from economic shocks. However, the costs are less severe if the shocks affect all member countries in a similar fashion. A union-wide, common set of policies would then be appropriate. If the shocks were asymmetric, common policies would be least desirable, as the inability to use the exchange rate for making necessary adjustments would result in greater volatility in output and employment. Disadvantages can be substantially reduced if there is perfect labour mobility between member countries (IMF 2001).

The literature on optimum currency areas (OCA) thus identifies the following as key deciding factors for a currency union: (i) openness, defined in terms of percentage of a country's total exports and imports to its gross domestic product (GDP); (ii) intra-trade volume; (iii) degree of product diversification; (iv) similarity of industrial structures; (v) high correlation in economic activities; (vi) similar inflation rates; (vii) flexibility in wages and prices; and (viii) perfect factor mobility (Mundell 1961; McKinnon 1963; Kenen 1969; IMF 1997).

If an economy is open, it is easier to enter into a currency union arrangement since the nominal exchange rate has already become a redundant instrument (McKinnon 1963). The higher the pre-union intra-regional trade, the greater the benefits. The composition of trade is another important factor. The higher the share of trade in manufactured goods, the greater the appeal of a currency union among trading partners, since their prices, unlike the prices of primary commodities being determined in world markets, are determined largely by producers (Bayoumi and Mauro 1999).

If an economy were more diversified, it would export a wider variety of products. If a fall in the demand for some of its products occurred, the effects of such external shocks would not create large-scale unemployment. On the other hand, if an economy depends on one or two export products, fall in demand would be more disastrous, needing exchange rate adjustments. In a more diversified economy, if independent shock affected each of its products, the law of averages would ensure that the economy remained stable. A more diversified economy is more suitable for a currency union than a less diversified

one (Masson and Pattillo 2001b). Similarities in industrial structures of the candidate countries would strengthen their eligibility, since they are likely to be affected in a similar way by sector-specific shocks.

Formal OCA criteria do not include the requirement of similarity in the levels of development in the candidate countries for a currency union. Similar levels of economic and financial sector development in the countries concerned would make it easier for them to enter into a union.⁷ Regardless of differences in their industrial structures, if the candidate states display a high degree of correlation in economic activities, they are likely to experience similar economic shocks. Similarity in inflation rates of countries would lead to an inference that they have been pursuing a similar set of economic policies and their economic structures are also similar. Such states are eligible candidates for a currency union (Bayoumi and Ostry 1997).

The next section examines how far OCA requirements, either for a currency union exclusively among PICs or a larger union with Australia and New Zealand with a common currency — say, a Pacific dollar or the adoption of the Australian dollar — have been fulfilled.

Empirical investigation

The PICs exhibit considerable diversity in physical endowments and human resources. Land area varies from country to country: 24 sq. km in the case of Nauru to 462,840 sq. km in the case of Papua New Guinea. So too does population (Table 1), the most populous nation being Papua New Guinea (5.1 million) and the least being Niue (2,000). While Kiribati and Tuvalu are atolls with poor soils and limited agricultural possibilities, Papua New Guinea, the Solomon Islands, Fiji, Samoa and Tonga have relatively large tracts of fertile land. However, the economic challenges before PICs are similar (Urwin 2004). They rely on a few exports, such as fish, copra, timber and tourism (Table 2) to finance their imports, which cover basic necessities and essential goods, including transport and capital and intermediate goods. Almost all PICs depend heavily on foreign aid and have large public sectors with weak private sectors. Further, most of the PICs are prone to natural disasters, including cyclones.

The exchange rate arrangements of PICs differ, spanning the continuum, from the use of a foreign currency as legal tender to an independent and free-floating domestic currency (Table 3). Eight PICs have adopted the national currencies of Australia, New Zealand or the United States: Kiribati, Nauru and Tuvalu (the Australian dollar); the Cook Islands and Niue (the New Zealand dollar); and FSM, Marshall Islands and Palau (the US dollar). Five PICs (Fiji, Samoa, Solomon Islands, Tonga and Vanuatu) have independent currencies. Papua New Guinea, on the other hand, has a freely floating exchange rate regime. Rosales (2001) notes that inflation has been higher in Papua New Guinea and in the dollarised PICs. The PICs with independent currencies seem to have done better on the inflation front.

The PICs are open economies with large import flows. Their trade volumes in commodities (exports and imports) expressed as percentages of GDP are high. In 2000, they ranged from 120 per cent in Kiribati to 68 per cent in Marshall Islands. Exports are

Table 1: Key Indicators of Pacific Islands Countries

Country	Land Area (sq. km)	Population ('000) (2002)	Exclusive Economic Zone ('000 sq. km)	Total GDP (\$US mill) (2001)	Per capita GDP (\$US) (2001)	Aid per capita (\$US) (2000)	Aid as % of GDP (2000)	Human Development Index (HDI) (1999)	Global HDI Rank (1999)
Cook Islands	240	19	1,830	51	2,651	420	15.9	0.822	62
Fiji	18,272	799	1,260	1,605	2,008	46	2.3	0.667	101
Kiribati	690	85	3,550	45	530	203	38.4	0.515	129
Marshall Islands	170	51	2,131	102	2,008	1,438	49.3	0.563	121
Micronesia	701	114	2,978	213	1,864	1,010	54.1	0.569	120
Nauru	24	12	320	81	7,017	183	2.6	0.663	103
Niue	259	2	390	7	4,773	2,720	58.6	0.774	70
Palau	487	19	601	129	6,989	2,168	31.1	0.861	46
Papua New Guinea	3,120,000	5,099	468	4,232	830	82	8.5	0.314	164
Samoa	2,857	175	120	177	1,004	208	20.6	0.590	117
Solomon Islands	28,446	418	1,630	300	720	102	14.4	0.371	147
Tonga	699	98	700	173	1,763	252	14.3	0.647	107
Tuvalu	26	11	757	4	345	471	130.0	0.583	118
Vanuatu	12,189	183	680	241	1,319	223	16.8	0.425	140

Sources: US General Accounting Office (2001); Australian Agency for International Development (2001); Asian Development Bank (2003)

Table 2: Main Merchandise Exports and Tourism Earnings of Pacific Islands Forum Countries
(Averages of 1996–99)

Country	Main Merchandise Exports		Tourism Earnings
	(% of Total Merchandise Exports)		(% of Exports of Goods & Services)
Fiji	Sugar	27.1	25.1
	Garments	23.1	
Kiribati	Copra	52.1	14.2
	Seaweed	7.8	
Marshall Islands	Fish	66.1	8.3
	Coconut oil	12.1	
Micronesia	Fish	88.1	7.6
	Garments	6.2	
Papua New Guinea	Gold	30.1	–
	Copper	19.4	
	Crude oil	18	
Samoa	Coconut oil	28.1	51.3
	Copra	15.9	
Solomon Islands	Timber	51.1	–
	Palm oil	11.1	
Tonga	Squash	44.4	29.1
	Fish	19.6	
Vanuatu	Copra	40.2	41.7
	Beef	12.1	

Source: Asian Development Bank (2003)

limited in range. While Papua New Guinea's major exports are gold, petroleum, copper, timber and coffee, Fiji's main exports are sugar, garments and gold. For smaller island countries, which have negligible manufacturing capacity, reliance on primary exports is much greater. For Samoa, exports are fish, copra and related products; for Tonga, squash, fish and root crops; and for Vanuatu, beef, copra and cocoa.

Intra-PICs trade has been small (Table 4), with low product diversity. The major intra-regional trading partners are Fiji and Papua New Guinea, which are relatively more diversified because of their significant manufacturing bases. Fiji has been exporting to other PICs processed consumer goods, including wheat flour, cooking oil and biscuits. On the other hand, Fiji's imports from other PICs are confined to a very small volume of agricultural commodities. Papua New Guinea's exports are coffee and manufactured goods. In terms of percentages of GDP, intra-regional trade volume in 2000 varied from 59 per cent in Tuvalu, which imports substantial consumer goods from Fiji, to 0.01 per cent in FSM. In terms of percentages of total trade, intra-regional imports range from 56 per cent in the case of Tuvalu to 0.02 per cent in the case of FSM.

Table 3: Growth Rates, Fiscal and External Current Account Balances and Inflation

Category	Average										Inflation								
	GDP					Overall					Average								
	Growth					Fiscal					Fiscal								
	Rate (%)					Balance					Balance								
(1995-99)					(1995-99)					(1995-99)					(1995-99)				
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Source: Rosales (2001); Asian Development Bank (2003); United Nations ESCAP (2004)

Table 4: Intra-Regional Exports and Imports of PICs

Countries		Intra-Reg. Exports (% of Total Exports)	Imports (% of Total Imports)	Intra-Reg. Trade (% of Total Trade)	Intra-Reg. Trade (% of GDP)	Exports to Australia (% of Total Exports)	Imports from Australia (% of Total Imports)	Exports to NZ (% of Total Exports)	Imports from NZ (% of Total Imports)	Total Trade (% of GDP)
Cook Islands	Average of 1994-97	-	10.26	9.52	4.9	21.07	7.19	25.51	70.94	51.43
	1998	-	11.76	10.83	5.6	28.3	9.75	10.4	68.2	52.45
	1999	-	10.44	9.82	5.2	9.32	8.2	25.2	68.94	54.85
	2000	-	18.49	15.68	12.03	33.91	5.97	25.13	60.58	76.73
	2001	-	11.12	9.74	6.77	29.12	6.1	8.2	74.83	74.4
	2002	-	6.2	5.6	3.41	22.08	6.85	13.9	79.07	61.5
Fiji	Average of 1994-97	0.31	0.07	0.38	0.505	26.67	39.86	6.99	15.50	76.87
	1998	4.73	0.12	2.13	0.73	33.79	44.84	4.31	15.11	86.84
	1999	6.84	0.1	2.81	0.64	33.02	41.09	4.47	13.10	90.62
	2000	7.11	0.14	3.35	0.94	25.67	48.71	3.53	13.04	89.62
	2001	8.33	-	3.7	0.07	19.74	44.26	3.46	14.88	82.5
	2002	7.21	-	3.02	0.06	19.43	37.31	3.76	17.15	89.26
Kiribati	Average of 1994-97	-	7.8	5.15	11.67	3.02	18.11	-	3.94	88.78
	1998	-	10.01	8.7	17.06	4.05	21.82	-	1.69	102.74
	1999	-	14	11.37	16.31	2.59	33.08	-	3.02	98.02
	2000	-	14.21	10.7	22.26	0.24	34.12	-	4.75	80.98
	2001	-	20.8	11.87	21.53	0.39	37.16	-	2.91	91.87
	2002	-	12.67	9.14	20.69	0.38	26.6	-	3.58	124.74
Marshall Islands	Average of 1994-97	-	0.97	0.71	0.46	-	1.31	-	1.01	83.41
	1998	-	0.78	0.7	0.35	-	2.01	-	0.71	67.93
	1999	-	1.16	1.02	0.5	-	1.42	-	0.85	68.94
	2000	-	1.25	1.05	0.54	-	1.46	-	0.89	68.33
	2001	-	NA	NA	NA	NA	NA	NA	NA	61.3
	2002	-	NA	NA	NA	NA	NA	NA	NA	67.62

continued over

Table 4: continued

Countries		Intra-Reg. Exports (% of Total Exports)	Imports (% of Total Imports)	Intra-Reg. Trade (% of Total Trade)	Intra-Reg. Trade (% of GDP)	Exports to Australia (% of Total Exports)	Imports from Australia (% of Total Imports)	Exports to NZ (% of Total Exports)	Imports from NZ (% of Total Imports)	Total Trade (% of GDP)
FSM	Average of 1994-97	0.01	-	0.01	0.01	NA	2.62	-	-	65.61
	1998	0.19	-	0.02	0.01	NA	4.02	-	-	64.71
	1999	0.2	-	0.02	0.01	NA	19.79	-	-	64.39
	2000	NA	NA	NA	NA	NA	NA	NA	-	73.07
	2001	NA	NA	NA	NA	NA	NA	NA	NA	53.05
	2002	NA	NA	NA	NA	NA	NA	NA	NA	52.01
Papua New Guinea	Average of 1994-97	0.03	0.03	0.06	0.11	27.68	51.43	1.39	4.01	88.89
	1998	0.21	0.24	0.45	0.21	18.72	52.41	0.69	4.12	94.70
	1999	0.18	0.30	0.44	0.23	26.29	53.01	0.16	4.1	114.12
	2000	0.21	0.36	0.57	0.29	29.98	49.54	0.73	3.8	116.45
	2001	0.1	0.21	0.25	0.2	24.62	51.29	1.35	4.02	94.42
	2002	0.10	0.13	0.31	0.18	23.74	49.26	1.32	4.4	95.81
Samoa	Average of 1994-97	-	10.49	7.70	6.50	84.18	19.18	6.17	35.15	47.89
	1998	-	18.08	11.9	11.6	48.96	16.23	2.74	22.59	51.74
	1999	-	16.67	12.27	11.52	58.95	14.59	3.68	23.01	57.34
	2000	-	9.48	13.02	9.48	57.36	27.31	2.37	13.89	38.69
	2001	-	12.6	9.98	13.64	60.98	13.12	1.42	17.32	59.9
	2002	-	20.33	14.17	13.43	59.5	15.75	2.05	4.25	56.2
Solomon Islands	Average of 1994-97	0.38	0.66	1.04	1.92	1.38	40.92	0.26	7.43	94.27
	1998	1.07	4.3	5.1	2.66	1.97	42.96	0.35	5.26	108.46
	1999	1.29	3.7	4.36	2.81	1.34	38.53	0.47	6.29	110.78
	2000	2.1	6.1	8.2	3.7	2.79	27.5	0.74	5.63	85.89
	2001	-	7.46	4.4	NA	1.69	29.27	0.28	5.0	NA
	2002	-	9.1	5.10	NA	0.88	31.31	0.25	5.02	NA

continued over

Table 4: continued

Countries		Intra-Reg. Exports (% of Total Exports)	Imports (% of Total Imports)	Intra-Reg. Trade (% of Total Trade)	Intra-Reg. Trade (% of GDP)	Exports to Australia (% of Total Exports)	Imports from Australia (% of Total Imports)	Exports to NZ (% of Total Exports)	Imports from NZ (% of Total Imports)	Total Trade (% of GDP)
Tonga	Average of 1994-97	3.08	7.65	6.97	3.76	4.72	33.56	9.66	38.47	51.67
	1998	6.12	7.41	7.26	4.04	4.53	24.68	13.98	36.17	52.4
	1999	2.0	9.96	8.79	4.98	3.21	19.98	8.74	37.22	65.7
	2000	1.65	12.2	9.73	6.65	1.98	10.27	3.68	23.99	79.2
	2001	2.55	19.73	17.1	12.98	1.56	11.24	4.41	33.21	102.9
	2002	2.14	21.42	17.0	13.61	1.44	13.2	3.55	30.83	133.7
Tuvalu	Average of 1994-97	1.04	30.49	45.5	29.23	-	39.41	-	6.31	81.63
	1998	1.61	59.81	58.39	41.24	-	20.21	-	6.31	70.06
	1999	5.14	63.84	57.18	45.67	-	18.1	-	5.27	79.87
	2000	11.39	58.58	56.01	58.77	-	19.57	-	4.57	104.93
	2001	13.92	65.19	62.48	69.7	-	16.28	-	7.68	52.10
	2002	9.16	54.32	51.1	NA	-	12.9	-	5.21	NA
Vanuatu	Average of 1994-97	0.01	0.93	0.94	2.67	4.05	21	0.47	5.19	85.58
	1998	1.41	5.67	7.08	3.92	0.60	21.67	0.39	4.76	92.32
	1999	1.19	4.12	5.31	3.98	0.68	17.95	0.44	4.13	122.87
	2000	4.84	8.55	13.39	5.75	0.54	25.08	0.44	6.93	79.24
	2001	-	4.72	3.17	3.58	3.01	25.37	1.12	6.57	53.72
	2002	-	7.11	1.88	4.13	3.20	23.48	0.64	10.69	52.41

NA: Not available

- : Negligible

Source: Asian Development Bank (2003)

On the other hand, PICs' major trading partners in the region have been Australia and New Zealand and outside the region are the EU and Japan. Imports cover a wide range of commodities, inclusive of basic necessities and capital and intermediate goods. The PICs' imports from Australia were about 34 per cent of their total imports and their exports to Australia were 23 per cent of their total exports. The rest from the various other partners were well below the Australian percentages. On the basis of present pre-union trade volume, a currency union exclusively among PICs would not result in as much gain as would result from a larger sized union with Australia and New Zealand (de Brouwer 2000; Jayaraman 2003).

The next aspect for examination is whether the growth rates experienced by PICs and the two advanced countries have been similar. The evidence is to the contrary. Studies of simple correlation of growth rates of Australia and New Zealand and 11 PICs, over two decades, reveal that there is far greater divergence than convergence.⁸ The growth rate of Australia is significantly correlated only with that of Samoa, while New Zealand's growth rate is not significantly correlated with any country. Similarly, the growth rates of Fiji, Kiribati, Papua New Guinea, Marshall Islands and Solomon Islands are not correlated with any country. Correlation exists only between the growth rates of the following pairs of countries: Cook Islands and FSM, Cook Islands and Tonga, FSM and Tonga and Tuvalu and Tonga. The results indicate the absence of any coherent pattern in growth performance between PICs and the two advanced countries (Jayaraman 2004a).

Our attention now turns to real effective exchange rate (REER) indices. The REERs are endogenous prices, since they are the outcome of the structure of the economy as well as of domestic and external shocks (de Brouwer 2000). If countries were similarly placed in terms of their economic structure and if they had experienced similar external and domestic shocks, movements in their REERs would display common trends. The study results indicate that the co-movements in REERs are confined to two sets of countries: Australia and New Zealand; and Australia and Papua New Guinea. New Zealand's REER is not correlated with the REER of any PIC. Thus, there is substantial divergence, indicating that PICs do not share any common pattern in REER movements with Australia and New Zealand.

The conclusion is that in the absence of convergence in key indicators, a currency union either among 14 PICs or all 16 countries, including Australia and New Zealand, would be premature.

Summary and conclusions

The case for a single currency for PICs was examined on the basis of OCA criteria. Empirical analysis indicates that lack of product diversity has led to low intra-trade volumes in absolute and percentage terms. On the other hand, trade with the two other forum partners, Australia and New Zealand, is substantial. However, the PICs and Australia have different levels of development. Growth and development challenges facing the PICs are different from those of Australia. Further, there was no convergence of macro-economic policies pursued by PICs, and Australia and New Zealand. Since economic shocks hitting both sets of countries were dissimilar, there would be no gains for PICs agreeing to Australia's set of monetary and exchange rate policies being adopted for the region as a

whole. Union-wide policies, which are likely to be dictated more by Australian growth priorities than by those of New Zealand, would not be suitable for PICs.

A former governor of New Zealand's central bank went on record as saying that the time for adopting the Australian dollar as a common currency by New Zealand was not ripe. Arguing on the basis of OCA conditions, Governor Brash (2000) observed that there had been a lack of synchronisation of business cycles between Australia and New Zealand during the recent past.⁹ For the same reasons, one can conclude that there is also no case for a currency union among the PICs.

However, one can argue for a currency union with Australia on the grounds that OCA criteria are to some extent endogenous and a currency union might help make the shocks hitting member countries more symmetric in the future and might also expand intra-union trade. This is similar to an argument put forward by Scitovsky (1958) when the European Common Market was born. However, EU member countries did not plunge into a currency union arrangement until after nearly four decades of common market experience and fulfilment of convergence criteria (Padoa-Schioppa 2004).

In the alternative, a stepwise approach could be suggested. The dollarised PICs might consider a currency union with the countries whose respective currencies they are using and, by extension, with the other countries who use that currency as sole legal tender. Three subsets of PICs — (i) Kiribati, Nauru and Tuvalu; (ii) Cook Islands and Niue; and (iii) Marshall Islands, Micronesia and Palau — are, in a way, in monetary union respectively with Australia, New Zealand and the United States. Thus, these eight PICs might consider entering into formal arrangements with the above named developed countries.

If Australia was keen about the dollarisation of PICs, the latter are likely to seek and secure some assurances from the former. Since dollarisation would result in discontinuance of their independent currencies, PICs would lose the current revenue flowing from the sovereign right of printing their own currencies. The PICs would then like to have a share in the seigniorage revenue, which otherwise would accrue only to Australia. Secondly, since there would be only one common central bank in a currency union, a given PIC would not be able to support its domestic banks in the event of a bank crisis. In such circumstances, PICs would like to be assured of liquidity support from the Reserve Bank of Australia (RBA), as a lender of last resort for rescuing their crisis-affected banks. Thirdly, if the RBA finds it inopportune to follow an expansionary monetary policy or would not like to use the exchange rate as the policy tool to fight unemployment in one or more of its member countries, the PICs would prefer the mechanism of fiscal transfers to the needy member countries. Finally, a currency union without perfect mobility of labour and capital would be a failure since PICs would lose the exchange rate as a policy tool to effect corrections in domestic pricing of goods and other factors of production (Jayaraman 2004a, 2004b).

The issues including labour mobility and fiscal transfers have far-reaching implications, which can be resolved only at political levels. The Caribbean experience (Farrell and Worrell 1994; Worrell 2003) is relevant in this regard. A single currency for the Caribbean region has yet to become a reality for obvious reasons. Three decades ago, William Demas, a former Governor of the Central Bank of Trinidad and Tobago, who later became the first Secretary-General of the Caribbean Community and Common Market, articulated it thus:

A single independent currency entails a single set of economic, monetary, financial and fiscal policies designed to influence the balance of payments. Such a single set of policies is possible only with a high degree of economic union tantamount to a political union. (1974: 54)

Notes

- 1 The 14 PICs are: Cook Islands, Fiji, Kiribati, Republic of Marshall Islands, Federated States of Micronesia (FSM), Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu. These 14 PICs and the two metropolitan powers in the region, Australia and New Zealand, constitute the Pacific Islands Forum, which is the major regional organisation.
- 2 These include: Communauté Financière Africaine (CFA), consisting of two zones, West African Monetary Union and Central African Economic and Monetary Union in Africa, the rand zone; the Eastern Caribbean Currency Union (ECCU) within the Organisation of Eastern Caribbean States (OECS); and the Caribbean Community and Common Market (CARICOM) in the Caribbean region.
- 3 The initiatives are the signing of two agreements in 2002, known as the Pacific Agreement on Closer Economic Relations (PACER) and the Pacific Island Countries Trade Agreement (PICTA). The PACER was signed by all 16 forum countries, including Australia and New Zealand, for starting negotiations by 2011 aimed at freer trade among all. The PICTA was signed by only 14 PICs for setting up a free trade area among themselves by 2010. PACER and PICTA received the necessary number of ratifications and became duly effective in late 2003.
- 4 Gathering political support and securing consensus for achieving monetary integration in Europe took nearly five decades. There were several notable milestones. The setting up of the European Coal and Steel Community was the first one in 1950, which aimed at free trade in coal and steel by 1954. Establishing the European Economic Community under the Treaty of Rome, signed in 1957; European Free Trade Association in 1960; and several regional institutions and harmonising measures for facilitating movement of capital and labour under the Single European Act of 1987 followed these. The creation of a single market was achieved in 1992. Along with these measures, there were parallel efforts in monetary integration. These included introduction of the European Monetary System in 1979 for creating an area of exchange rate stability among members by ushering in the Exchange Rate Mechanism and the European Currency Unit, paving the way for monetary union within the European Community. In 1989, the Delors Report recommended the introduction of a single currency by setting out stages including the establishment of the European Central Bank System. The stages included the signing of the Maastricht Treaty of 1993, which laid down the criteria for reaching convergence and enactment of the Growth and Stability Pact of 1996. The latter levied a fine of 0.1 per cent of

GDP on members in case of fiscal deficits in excess of the three per cent of GDP ceiling. These measures, which were introduced and implemented through political consensus, eventually prepared the members to become eligible for adopting the single currency. The euro was ultimately born on 1 January 1999.

- 5 There are two alternative solutions: (i) currency board arrangement (CBA); and (ii) dollarisation. Under CBA, while the national currency would continue to exist, the monetary authority would be required to hold reserves in a foreign currency (the anchor currency to which the national currency will be firmly pegged) sufficient at least to cover the entire narrow money supply. Thus, every domestic currency bill is backed by an equivalent of foreign currency. The central bank can increase money supply only by adding to the international reserves through external borrowing or building trade surplus. Under 'dollarisation', the national currency would be replaced by the currency of a country with which trade and economic relations have been close in recent years. Advantages of dollarisation are: (i) absence of speculative attacks on the domestic currency; (ii) no possibility of inflationary finance; and (iii) closer integration with the country whose currency has been adopted as legal tender. Disadvantages of dollarisation are: (i) loss of a national symbol; (ii) central bank of the country of anchor currency might not support the domestic banking system in times of crisis; (iii) loss of seigniorage revenue; and (iv) difficulty in exiting from dollarisation compared with other regimes.
- 6 In the case of the euro, the following five preconditions, which are known as convergence criteria, were provided under the Maastricht Treaty of 1993: (i) each country's budget deficit has to be below three per cent of its GDP; (ii) each country's public debt has to be less than 60 per cent of GDP; (iii) countries should have an inflation rate within 1.5 per cent of the three EU countries with the lowest rate; (iv) long-term interest rates must be within two per cent of the three lowest interest rates in the EU; and (v) exchange rates must be kept within 'normal' fluctuation margins of Europe's exchange-rate mechanism. Greece was the only member of the EU that was told that it was not ready to join the single currency with the first wave of countries in 1999. It had to wait for two years before joining the Eurozone at the beginning of 2001.
- 7 It makes sense to look at the nearly five-decade-old progress made towards economic integration in Europe, where the process of forming a currency union was associated with a significant degree of economic convergence in real GDP per capita over the years. This process was further supported by steadily growing intra-trade and labour mobility, culminating in the formation of a common market. These efforts were also accompanied by attempts to effect fiscal transfers to the poorer members (Greece, Ireland and Portugal) of the EU. In this connection, one might refer to a parallel in the developing world. India, with a federal constitution, is also a currency union of 22 states with varying levels of development. A combination of free interstate trade in goods and services, together with factor mobility and constitutional provision of federal fiscal transfers to economically backward states, has kept the Indian union going (Fabella 2002).
- 8 Results will be made available on request.

- 9 The most recent study by Crosby and Otto (2003) has concluded that (i) Australia and New Zealand were not suitable candidates for the currency union; (ii) benefits of a currency union for Australia would be small; and (iii) it would be worthwhile for Australia to consider currency union with the United States rather than with New Zealand.

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Labour Mobility for Sustainable Livelihoods in Pacific Island States¹

Satish Chand

Introduction

What Pacific Islanders need is a source of sustainable livelihoods. Subsistence agriculture has historically served this purpose, but population pressures on limited natural resources makes this an unlikely candidate to bank on for the future. Pockets of poverty have emerged in nearly every island community; in some, the rate of increase of poverty is alarming. Donors have been particularly generous with aid to Pacific Island countries (PICs) as a group. Palau, despite being a middle-income country, received the highest amount of aid at \$US1,753 per capita in 2001 (see Table 1). Many other PICs rank high among developing countries in terms of aid receipts on a per capita basis, partly so because of their small size, as aid delivery is subject to economies of scale. Donors can keep tiny island communities with limited resources 'afloat' with aid, but this would be contrary to the concept of a sustainable livelihood. Charity is neither sustainable nor desirable; continuing aid can create dependency.

The rate of growth of income for the Pacific Island economies has, on the whole, been weak (see Table 1). In the 30 years to 2001, annualised growth rates of per capita income in constant local currency units have ranged from -1.92 per cent for Kiribati to 1.4 per cent for Fiji. The level of per capita income for Vanuatu in 2004 was the same as that at independence in 1980. Social problems are rising in nearly every major urban centre within the PICs, which is not surprising given high rates of population growth with stagnant income-earning opportunities. We know that high population growth and low incomes are jointly determined, thus, continuing economic stagnation might provide little respite from rising populations. Given the build up of pressure on the physical environment, a return to sustainable livelihoods from subsistence alone is not an option for several of the island economies. New threats, particularly in the form of HIV/AIDS, which is spreading at an alarming rate in Papua New Guinea, and changes in global weather patterns, might test the environmental and economic resilience of small states.

Table 1: Basic Indicators for Pacific Island Countries (PICs), Australia, New Zealand, the Maldives, Malta and Mauritius

	Land area (’000 sq.km)	Population (’000) (2001)	Density people per sq.km (2001)	Annual growth % 1999-2001		Aid per capita (\$US) (2001)	GDP per capita (PPP \$US) (2001)
				Population	Real GNP per capita		
Australia	7,682	19,387	3	1.06	2.22	—	25,370
Cook Islands	0.24	21	88	—	—	—	5,000
Federated States of Micronesia ^c	0.70	120	171	1.78	-2.00	1,145	2,000
Fiji	18	817	45	0.92	2.06	32	4,850
French Polynesia ^a	4	237	65	1.19	2.39	1,636	17,500
Kiribati ^a	1	93	127	2.30	-1.85	134	800
Marshall Islands ^b	0.18	53	293	2.29	-1.05	1,410	1,600
Nauru ^d	0.021	12	610	1.87	—	—	5,000
New Caledonia ^a	18	216	12	1.72	-0.35	1,359	15,000
New Zealand	268	3,849	14	0.51	2.92	—	19,160
Niue ^d	0.26	2	8	0.01	—	—	3,600
Norfolk Island ^d	0.035	2	53	-0.01	—	—	—
Northern Mariana Islands ^a	0.48	80	167	2.71	—	—	12,500
Palau ^c	0.46	20	42	1.46	-0.78	1,753	9,000
Papua New Guinea	453	5253	12	2.36	-1.50	39	2,570
Samoa	3	174	61	1.12	5.73	248	6,180
Solomon Islands	28	431	15	2.77	-9.58	137	1,910
Tokelau ^d	0.01	1	141	-0.01	—	—	1,000e
Tonga ^a	1	101	140	0.52	3.42	201	2,200
Tuvalu	0.026	11	441	1.44	1.56	—	1,100
United States	9,159	28,5320	31	1.14	1.63	—	34,320
Vanuatu	12	201	17	2.10	-3.37	157	3,190
Maldives ^a	0.30	280	934	2.28	2.29	89	3,900
Malta	0.32	395	1,234	0.76	2.07	4	1,3160
Mauritius	2	1,200	591	1.06	3.84	18	9,860

Notes: — indicates unavailability of data; *The World Fact Book* was used to source the following information as it was unavailable from the World Bank: a. GDP per capita; b. land area and GNP per capita; c. population growth (datum is estimate for 2004) and GDP per capita; d. land area, growth rate of population and per capita GDP, and GDP per capita (for 2000); e. figures for 1993.

Source: Unless otherwise stated, the source for all data is World Development Indicators via the International Economic Databank (IEDB), The Australian National University, Canberra.

The PICs, to improve their wellbeing, must integrate more deeply with the global economy. For the smallest and remotest of the island communities, access to industrial-country labour markets is perhaps the only viable option. There is merit in broadening this access, on a controlled and reciprocal basis, for the region as a whole. A transient population of workers rotating between the remote regions and the metropolis will induce demand for better governance within the islands while cementing closer regional ties. The benefits from such flows are likely to be the largest for unskilled labour as this group suffers the greatest restriction. Income-earning opportunities for unskilled workers from the islands have the potential to lower poverty at home while raising worker productivity through the transfer of skills.

Income earned from workers abroad, unlike aid, is likely to provide a sustainable source of revenue, thus relieving the resource constraints currently faced by several of the PICs. Remittances already constitute a significant part of the economies of Cook Islands, Fiji, Niue, Samoa and Tonga (Narsey 2004). Easing conditions for the (temporary) movement of unskilled workers will give remittances an even greater role in the sustenance of island economies (and remote communities) of the Pacific. Such flows, if temporary, will prevent depopulation of the smallest of the communities. Reverse flows of retirees, tourists and volunteers, moreover, will generate employment opportunities within remote communities. Allowing for reciprocal arrangements on temporary flows between developing and industrial country partners will assist such a process while deepening cultural, economic and political ties across the region. This is not to suggest a policy of unrestricted labour mobility, but a strong case exists for a well-managed program allowing for a more fluid labour market for the Pacific region.

Industrial-country partners have much to gain from deepening economic ties within the region. International security concerns have already increased Australian, New Zealand and United States involvement in the Pacific region. This follows recognition of the potential for cross-border spill-overs, such as from a large-scale domestic conflict or from an economic collapse in a neighbouring state. Australian intervention in Nauru and Papua New Guinea in 2004 and its leadership of a regional intervention into the Solomon Islands were motivated principally by security concerns. The above-mentioned donors have historically taken an active interest in the funding and provision of basic services in the PICs, which lack the capacity and resources to do this on their own. We premise the subsequent discussion on the (plausible) assumption that it is in the donors' interests to see the PICs achieve sustainable livelihoods.

Denying Pacific Islanders access to labour markets in the surrounding metropolis might threaten the very existence of small far-flung island communities, particularly as sovereign states. This in turn will threaten the survival of the culture of the smallest of the communities, particularly those facing threats of depopulation. There is a great deal of literature showing that the largest gains in global welfare would accrue from freeing up movement of unskilled labour (see Winters et al. 2003; Athukorala 2004; and references contained therein); the Pacific is not an exception in this context. Growing shortages of labour within the neighbouring industrial countries, moreover, will over time increase economic incentives for out-migration from the islands.

While population growth rates are falling sharply in the surrounding rich nations, Pacific Island nations continue to experience high rates of population increase. The population of the island region in 2001 was 7.8 million, more than double the figure of 3.8 million in 1971.² The rate of population growth between the PICs has differed significantly. Solomon Islands, Vanuatu and Marshall Islands have recorded annual growth rates of 3.25 per cent, 2.89 per cent and 2.79 per cent respectively. The populations of Tonga and Samoa, in contrast, have increased at an annual rate of 0.5 and 0.6 per cent respectively. The difference between these two groups of countries is explained by out-migration rather than differences in fertility rates (see Table 2). A large proportion of the population is young (that is, below the age of 15 years), thus the high rate of population growth is likely to last at least another generation. Some 45 per cent of the total population of Solomon Islands, for example, is below 14 years of age (see Table 2).

Depopulation is the least of concerns for countries such as Samoa and Tonga, which have historically experienced large outflows of labour. This is because there already exist large Islander communities in the surrounding metropolis. Samoans and Tongans living in Auckland, Sydney and Los Angeles maintain regular contact with their kin at home. These overseas communities form the basis of regular trade and commerce across national borders. Thus, neither Samoa nor Tonga face the prospect of depopulation and/or loss of their cultural identity. There is even a good prospect of large reverse flows of retirees once the current generation of migrants complete their working life abroad. The link with their homeland is strengthened by communally owned land, to which many of the migrants retain claims while living abroad. Remittances are often exchanged for cultural and communal obligations so as to sustain links with family and the wider community, not least to protect claims on communal property.

Pacific states display considerable heterogeneity in nearly every respect. For the purposes of the discussion on sustainability here, the major concerns include population pressure in the smallest of the states, which has the potential to destroy the natural environment; rural to urban migration within a context of limited growth in employment opportunities, thus threatening social stability; and deteriorating governance at all levels of society, with the possibility of the region becoming a collection of failed or failing states, posing a security risk to others. Given resource endowments, the sustainability of Pacific Islands need not be depressing. The region's people are among the most hospitable in the world, much of the marine environment spanning large exclusive economic zones of the individual PICs remains pristine, and even population densities are low relative to the far more prosperous island economies of the Maldives, Mauritius and Malta. The 'hula', the 'haka' and the 'happy grass-skirted people' are brand images of the Pacific that are known with affection within tourism circles around the globe. Technological developments — in terms of rapidly falling aviation, shipping and telecommunications costs — offer increased opportunities for isolated peoples to improve their livelihood via trade with the rest of the world.

Sustainable livelihoods for the PICs will involve deeper integration with the global economy. Regional labour market integration will be a key component of this. The rest of this chapter is organised as follows. The next section provides a summary of the

Table 2: Demographic indicators, Pacific Countries

	Fertility rate (births per woman)	Life expectancy at birth (years)	Population ages 0–14 (% of total)	Urban population (% of total)
Australia	1.75	79	20	91
Cook Islands	—	—	—	—
Federated States of Micronesia	3.56	68	37	29
Fiji	2.68	69	33	50
French Polynesia	2.57	73	32	53
Kiribati	3.72	62	38	39
Marshall Islands ^a	4.02	70	39	66
Nauru ^a	3.29	62	38	—
New Caledonia	2.54	73	29	78
New Zealand	2.01	78	22	86
Niue	—	—	—	—
Norfolk Island	—	—	20	—
Northern Mariana Islands ^a	1.33	76	20	53
Palau ^a	2.46	70	27	69
Papua New Guinea	4.36	57	40	18
Samoa	4.13	69	36	22
Solomon Islands	5.33	69	45	20
Tokelau	—	69	42	—
Tonga	3.52	71	34	33
Tuvalu	3.02	68	31	—
United States	2.12	78	21	77
Vanuatu	4.35	68	41	22

Notes: a. Data for fertility rate, life expectancy and population 0 to 14 years are for 2004, extracted from *The World Fact Book* (<http://www.cia.gov/cia/publications/factbook/geos/>) accessed on 11 October 2004. Data are for 2001 and sourced from World Bank Development Indicators, unless otherwise stated.

constraints on and opportunities for sustainable livelihoods for the Pacific Islands region. Section three discusses the role and significance of labour mobility in the context of sustainable livelihoods of island communities of the Pacific. Section four sketches some of the logistics of deepening labour market integration for the region as a whole. Conclusions and lessons for policy draw the chapter to a close.

Sustainability of livelihoods in individual PICs

Pacific countries, in terms of economic development and sustainability of livelihoods, can be categorised broadly into five groups. The first group comprises the large rich nations of Australia, Canada, Japan, New Zealand and the United States. These countries are characterised by high levels of (purchasing power parity adjusted) per capita GDP, large populations relative to the rest (New Zealand relative to PNG is slightly different in

this regard), and favourable social indicators of development in comparison with the rest. Australia, France, Japan, New Zealand and the United States are the major donors to the region (Chand 2004).

The next broad grouping comprises French Polynesia and New Caledonia, colonies of France, which share the features of the first group but for the fact that the high incomes and accompanying social indicators of development are sustained via large net transfers from the mainland. Per capita aid to French Polynesia and New Caledonia for 2001, for example, amounted to \$US1,636 and \$US1,359 (see Table 2). It is, however, arguable whether such high living standards for the respective island communities can be sustained without the large transfers from France. Countries with strong links with their former colonial rulers/administrators, such as those governed under the Compact of Free Association with the United States (this includes FSM, Palau and Marshall Islands) and in free association with New Zealand (this includes Cook Islands, Niue and Tokelau),³ have large transfers from their rich country partner as well as access to their labour markets. Under the arrangement of being governed in free association with New Zealand, the respective island states are fully responsible for internal affairs while New Zealand retains responsibility for external affairs and defence. Such an arrangement allows the inhabitants of Cook Islands, Niue and Tokelau access to New Zealand passports and thus to the New Zealand and Australian labour markets. Inhabitants of FSM, Marshall Islands and Palau carry their own passports but are allowed to work and live in the United States as 'non-immigrants'.⁴ The above-mentioned island states have had privileged access to rich-country labour markets due to their historical links, and their more favourable social indicators of development are principally due to this privilege.

The third grouping is made up of the Melanesian states of Fiji, Papua New Guinea, Solomon Islands and Vanuatu. These countries have relatively large populations but an even larger landmass; thus, they have low population densities. The economic performance of this group as a whole has been poor, particularly in the recent past as shown by low rates of growth of per capita GDP in the 1999 to 2001 period (see Table 1). Life expectancy for this group is low, particularly so given rich natural resource endowments. Papua New Guinea provides an extreme case; it is the largest country within the PICs, with a population and landmass (and potential mineral, marine and timber resources) greater than New Zealand, but with the lowest life expectancy of 57 years (see Table 2). Importantly for the discussion here, none of the Melanesian countries have special arrangements for access to the labour markets of their former colonial powers. All of the countries in this group face varying degrees of social and political instability.

At the bottom of the ladder of economic development lie the two Micronesian states of Kiribati and Nauru, together with the Polynesian Tuvalu (the last two are not members of the World Bank, thus economic information on them is scarce), which have limited resources, high population growth rates and rising pressure on their limited natural resources. Even though population density within a few of the PICs is high, on the whole, the PICs have low population densities relative to economically successful island economies such as the Maldives, Malta and Mauritius (see Table 1). This is true even if the limited amount of agricultural land available in the respective island states is

taken into account. Malta, as an example, has minimal arable land and yet is able to sustain in excess of 1,200 people per square kilometre, while the Maldives, at 934, has more than three times the population density of Marshall Islands, the most densely populated PIC. What is clear for the PICs is that population densities have risen several-fold in the past century.

The ability of the natural environment to support subsistence living has diminished over time and, in some cases, the sustainable carrying capacity has been overwhelmed. Nearly every PIC faces poverty of some degree. The capacity of the natural environment to sustain subsistence living in Nauru, Kiribati and Tuvalu might have even declined as population pressures (and mining, in the case of Nauru) have led to degradation of the natural environment. For example, due to urban pollution, the fish caught in Tarawa Lagoon are no longer considered fit for human consumption. Populations in Kiribati, Nauru and Tuvalu have reached a stage where subsistence living for the current generation is not feasible. These communities have little choice but to open up to trade with the rest of the world.

The annual supply-demand imbalance in formal sector employment is alarming, particularly for the Melanesian countries that lack access to foreign labour markets. The Solomon Islands' formal sector employment stood at 14,300 in 2000, accounting for less than 15 per cent of the total working-age population. Unemployment build-up will continue with associated social problems unless some 14,700 new jobs are created each year. This is not an easy task for an economy that is just beginning to recover from a devastating civil conflict. For many of the PICs in economic strife, labour migration in the short term is perhaps the only viable option for sustainable livelihoods. Urban populations are likely to grow given that the bulk of the population in the majority of the PICs reside in rural areas and draw their livelihoods from subsistence farming. The proportion of the total population dependent on the rural sector (figures for 2001 are provided in parentheses) has been the highest for Papua New Guinea (87 per cent), Solomon Islands (84 per cent) and Vanuatu (79 per cent). Rural to urban migration has been rapid and, at current rates, Tarawa's population will double to 73,400 by 2013, while that for Honiara and Port Vila will reach 98,000 and 60,000, respectively, by 2016. None of these cities are built to carry such large populations; the pressure this will put on the natural environment could be extreme. The challenges faced by Cook Islands and Niue, in sharp contrast, is that of depopulation as an increasing number of residents move to New Zealand on a permanent basis.

A number of governments are facing budgetary problems that in turn limit their ability to provide basic services. Access to public goods, primary education and basic health care, in particular, differs as much between the individual countries as across regions within PNG, the largest country. According to World Bank data for 2001, the most recent available, some 24 per cent of PNG youth in the 15 to 24 age group and some 35 per cent of those above 24 years were illiterate. This, assuming a life expectancy of 60 years, implies that nearly one-quarter of the next generation of workers, parents and voters will remain ill-equipped to take full advantage of the opportunities offered by the modern, global economy. The trends are equally worrying for other PICs. Life

expectancies in Nauru and Tuvalu have fallen in the decade to 1994.⁵ HIV is a pressing issue in Papua New Guinea, where the rate of new infections — 20 per cent — is alarming and could have severe consequences for the nation as a whole.

Subsistence affluence for a majority of Pacific Islanders might be a distant and rapidly fading memory. While population density, at less than 15 per sq. km, for the PICs as a whole is low, the spatial distribution of population across the individual PICs is far from uniform. This holds true within individual PICs. Even in the Melanesian countries where population densities are low, communal land tenure arrangements have impeded long-term and secure access to this resource. The contrast between Fiji and Mauritius on this front is most instructive. Fiji has nine times the land area but a population that is only 70 per cent to that of Mauritius; population density in Mauritius, consequently, is 13 times that of Fiji. Yet, per capita income in Fiji is approximately half that of Mauritius. Land tenure arrangement is the key distinguishing feature between the two island nations. While in Mauritius all land is held in individual title, some 90 per cent of the land in Fiji is communally owned. The uneven distribution of natural resources, and land in particular, even in Melanesia has wedged some of the communities into positions untenable with subsistence living. The many squatter settlements around the urban fringes in the major capital cities are testimony to the fact that long-term secure access to land is a serious problem. Lack of secure long-term access and individual title rather than lack of land might be a major hurdle to private investment in the PICs.

The role and significance of labour mobility

The PICs face the challenge of creating the conditions at home that will lead to investment and job creation. The resource-rich members are in a position to achieve such a goal. Impediments to investments at home include regulatory barriers, the high cost and limited availability of land for long-term investment, and the high cost of trade given small domestic markets and their remoteness from the major industrial-country markets. For example, in its 2004 survey on the business environment for 145 countries, the World Bank notes that to enforce a debt contract in Papua New Guinea involves 22 procedures, taking some 295 days to resolve and costs an average of nearly 110 per cent of the value of the debt. This compares with the average for East Asia and the Pacific (corresponding figures for the OECD in parentheses) of 27 (19) procedures, 316 (229) days, and 54 (11) per cent, respectively.⁶ In many cases, resources for the necessary investments are either unavailable or the returns from such investments are insufficient to justify, on commercial considerations, the requisite investments. In some cases, social returns are considerably higher than private returns, but a lack of funds to the public sector has meant that such investments have not taken place. Labour mobility, thus, provides a way out of the current malaise.

Permitting unskilled workers access to industrial-country markets on a temporary basis offers a way out for island nations trapped in a position of economic stagnation. Six specific advantages arising out of a scheme allowing for a rotating pool of unskilled workers into industrial-country markets are enumerated next. First, it enables access to training, including exposing the workers to the disciplines of formal sector work in an

Table 3: Annual supply-demand imbalance for formal sector employment.

Country	Total formal sector employment ^a ('000)	Formal sector share in work-age population(%)	Fresh entrants into the workforce per year ('000)
Fiji	131.5	26.6	19.3
FSM	30.9	49.1	3.7
Kiribati	7.9	15.8	2.6
Marshall Islands	10.3	37.4	1.6
Palau	NA	NA	0.4
Samoa	NA	NA	5.0
Solomon Islands	34.2	14.6	14.7
Tonga	33.9	59.5	2.7
Vanuatu	14.3	14.4	5.6

Note: a. data are for 2000 except for Kiribati, Solomon Islands and Tonga, where the most recent data available, that for 1996, have been reported. Work-age population defined as those in the 15- to 64-year age cohort. Data for column 3 are calculated assuming a uniform distribution of the population of under-14s.

Source: ADB 2001.

advanced country. Reporting to work on time, spending the whole day at the work site and observing the disciplines of the workplace all constitute training for an unskilled subsistence-sector worker from the PICs. Second, such placement enables workers to earn financial capital that in turn could be invested in productive activity on returning home. Workers often lack capital and exposure to the opportunities offered by the market. Third, the departure of a group of unemployed people relieves pressure on the physical and social environment at home. Fourth, a rotating pool of workers from small developing Pacific Island states into large industrial-country counterparts exposes the population to the operation of efficient governments and a competitive private sector. Such exposure will raise the returnees' expectations of their governments and private sector service providers, thus creating demands for better governance at home. Fifth, a rotating pool of workers from far-flung communities will build regional cohesion and promote cultural exchange at the community level. There is a strong case for reverse flows; that is, from the rich nations into the islands, to consolidate the gains from such exchange. Last, the workers contribute to output in the labour-receiving country, thus the earnings constitute a sustainable source of income for the sending country. The challenge is in the design of such a scheme that maximises net benefits from the temporary movement of unskilled workers.

Temporary-worker schemes do entail risks. (1) Concern is being raised of a 'brain drain', that is, loss of the skilled and professional workers to the neighbouring industrial countries. In the cases where the education and training of the emigrants is supported through public sector subsidies, a 'brain drain' could constitute a transfer from the sending country to the receiving country.⁷ This problem is not an issue for unskilled labour. (2) There is a risk of depopulation of some of the smaller PICs. PICs such as Niue and Cook Islands, which have unlimited access to industrial-country labour markets,

have not yet been depopulated, suggesting that such an outcome is not likely in the foreseeable future. Policies such as allowing for portability of pensions from the labour receiving countries, moreover, can reduce the risks of depopulation. (3) Labour unions in receiving countries have expressed concern about the depressing effect on wages of a large influx of foreign workers. This is less likely to be an issue given the relative size of the PICs, and even less so if the number of entrants is controlled and their impact on domestic labour market conditions closely monitored. (4) Receiving countries have voiced concern about risks of letting in criminals, and (5) the entrants accessing taxpayer-funded services. The last two concerns can be addressed through an efficient vetting process for applicants and an effective tracking system for those allowed into the country. Guest-worker schemes in Europe and North America demonstrate that the above-identified risks can be contained.

Deepening labour markets can be welfare enhancing for the region as a whole. Martin (2003: 2), for example, notes that 'properly managed guest worker schemes can contribute to economic growth and development in sending and receiving countries'. There is already a large and growing literature on the potentially large gains from allowing temporary movement of people from developing countries to developed countries (see Winters et al. 2003; Martin 2003). The main difference in the case of the Pacific Islands is that the population of workers from the region is small, and particularly so relative to the size of the labour market in the host nations. The policy challenge is to design a scheme that will maximise the benefits of a temporary-worker scheme. We next draw on the international experience to sketch out how a temporary-worker scheme of the nature canvassed above could be made operational.

Logistics of enabling the movement of unskilled workers from the PICs

Firms in host countries could be allowed to subcontract work to Pacific Islanders for a fixed term not exceeding the legal ceiling. These firms would be required to comply with home country regulations and be liable for any violations of the entry conditions in relation to the work visa. In the case of German guest-worker schemes, for example, fixed quotas of foreign workers without families are allowed into the country for a maximum of two years.⁸ The United States has a similar scheme in which unskilled workers are allowed into the country under their H-2 visa programme. PICs given access to industrial-country labour markets could be required to give similar access to workers from the partner industrial country. The latter scheme would be attractive to tourists on working holidays and to retirees and volunteers wishing to work and travel in the region.

Incentives would have to be created to induce workers to return home on the expiry of their work visas. This could entail employers being required to hold a mandated portion (say, 20 per cent) of after-tax wages of their guest workers in a trust fund that can be accessed by the worker only on returning home. Visa conditions could specify the duration of stay, the unique employee number (much akin to the Australian tax file number), an explicit commitment by the applicant to return to the country of origin on the expiry of the visa, and the conditions of employment and remuneration. The trust

fund, in addition to being an incentive to return home, will act as a compulsory savings device and a potential resource to draw on to enforce compliance should the worker break the conditions of their visa. Any social security and tax contributions could be added to the fund after the worker had satisfied all of the visa conditions.

Since demand for places is likely to exceed supply, country quotas would have to be devised under a government-to-government memorandum of understanding. While the size of the country quota would have to be negotiated, the broad principle would be to ensure equity across the PIC members while maximising gains to the relevant parties from such flows. The availability of job opportunities at home and the potential gain to the sending and receiving countries would be the key considerations here. The latter could be inferred from the wage difference for unskilled workers between the sending and receiving country. The above conditions would apply to trainees should the scheme be expanded to include them.

The quota could be applied to the stock of workers from each PIC. The host nations could make a commitment not to reduce the quota such that sending countries have certainty of access to the industrial-country labour market for their workers. The vetting process could require workers to pass a security clearance. The potential employer might be required to provide cover for medical and accident insurance, the costs of which might be recovered from the wages of the prospective employee. In addition to the above, a written offer of employment would be required for the issue of a visa. The Canadian seasonal-worker program provides a model in this regard. Germany's guest-worker scheme places responsibility for enforcement of visa conditions, and the return of the temporary worker to their home countries in particular, on the local hiring company. Coordination between prospective employees located in distant communities and employers in industrial nations will require intermediaries to make the market.⁹ Such intermediation will require seeding and some level of continuing supervision. Labour-importing nations such as Canada, Germany and the United States have a well-developed migration infrastructure for temporary workers and one that should be encouraged to expand its services into the Pacific.¹⁰

To attract the best workers and induce compliance with the stipulated regulations, rules regarding access to foreign labour markets for the unskilled workers would need to be transparent and publicly accessible (possibly on the World Wide Web) across the region. Cross-border networks including community groups and NGOs, which have traditionally played a major role in facilitating cross-border movement of people, could be given government certification as intermediaries between prospective workers and employers. Such community groups are likely to be helpful in assimilating entrants into the workforce and in providing continuing support. Rewards in terms of access to country quotas to such networks could be made on the basis of past success in recruitment (and returnees); this in turn will lead to the development of a self-enforcing and monitoring system with minimal overheads for the taxpayer.

Immigration authorities have raised the possibility of workers overstaying their visas, a claim supported by the high rates of visitors from the region overstaying their visas. Australian overstay rates as at June 1999, the latest for which figures are available,

show an average 'non-return' rate for all visitors at 2.18 per cent; Tonga and Samoa had non-return rates of 19.1 per cent and 14.2 per cent, respectively, and were ranked fourth- and eighth-worst in the world (see data in Table 4). Drawing inferences on the overstay rates for temporary workers from historical records on overstay rates for visitors, however, is flawed. This is so for at least three reasons. First, visitors who breach their visa conditions often have this as their intention when making their initial application.¹¹ Moreover, many are compelled to take this path as the only option for gaining access to a rich-country labour market. Second, those who do breach conditions of their visa do so at little personal cost since all of the costs of enforcement of the visa conditions are borne by the host nation. Third, a revolving door for temporary workers provides the incentives to return home on the expiry of the work permit. Data on guest-worker schemes that have operated within the EU and the United States show 'that most migrants did rotate in and out of labor-receiving countries as expected' (Martin 2003: 7). In the case of the 22-year-old US-Mexico guest-worker scheme, apprehensions for violation of visa conditions fell when access was made easier. The Italian Interior Minister is reported to have asserted that a bilateral deal with Sri Lanka allowing for 1,000 young Sri Lankan migrants to enter for work and training in Italy had stopped the flow of illegal Sri Lankan immigrants (as reported in Martin 2003: 8).

Finally, any temporary-worker scheme would have to be consistent with international treaties. Two that are most pertinent include the WTO (and GATS in particular) and International Labour Organisation (ILO) conventions relating to the rights of migrant workers. The scheme proposed here deepens regional trade, thus is consistent with the broader principles of the WTO. Allowing local labour regulations to apply to migrant workers, thus providing national treatment to such workers, is also consistent with ILO principles. The details of any proposed agreement, however, would need to be thoroughly checked to ensure conformity with international treaties.

Conclusion

The PICs face the challenge of ensuring a sustainable livelihood for their growing populations. Economic performance in the majority of the PICs has remained weak in the past two decades, trapping the poor in a difficult situation. Subsistence agriculture, which has sustained small remote island communities, is under increasing pressure given the limited natural resources and expanding populations. These pressures have led to urban drift as migrants from rural areas have moved to areas with greater public services and employment prospects. Further, job growth within the islands has lagged behind the number of entrants into the workforce. It would be wrong to claim that the seriousness of poverty problems is uniform across the individual PICs; what is clear, however, is that those PICs with access to industrial-country labour markets have done better in terms of social indicators of development than those without.¹² It can be asserted that it is the privileged access to industrial countries — as a function of historical and colonial links — that causes the better income and social indicators.

Table 4: Non-return rate from Australia by country of citizenship, at 30 June 1999.

Country	Non-return rate (%)
Vietnam	24.3
Federal Republic of Yugoslavia	21.6
Lebanon	20.7
Tonga	19.1
Turkey	15.1
Pakistan	15.0
Philippines	14.4
Samoa	14.2
Poland	13.9
People's Republic of China	12.8

Source: Australian Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) *Annual Report*, 1998–99.

Given the growing problems in several PICs that do not have access to industrial-country labour markets, could the extension of such privilege by Pacific Rim industrial countries be a means of generating sustainable livelihoods in these small remote communities? The analysis presented here suggests this might indeed be the case. Donors could keep small remote communities such as Nauru afloat with aid; they have been very generous to date with aid to the PICs relative to other developing countries. But such support is inimical to the very notion of sustainable livelihoods. Generosity in the future cannot be assumed; such generosity, in any case, is counterproductive as it creates dependency. Relaxation of regulations governing the mobility of unskilled workers from the PICs to neighbouring industrial countries offers standard gains from such arrangements with the bonus of inducing demand for better governance at home. A well-managed program that facilitates the rotation of a given number of workers from the PICs into the neighbouring metropolis accompanied by reciprocal movement of visitors on working holidays, retirees and volunteers is likely to offer significant economic benefits while deepening cultural ties across the wider region. Allowing workers to circulate between the island nations and the surrounding metropolis benefits both societies by increasing the pool of unskilled workers available to the metropolis, easing population pressures in the island nations and creating a bridge between the communities.

International experience with migrant-worker schemes offers several lessons on the design of a temporary-worker scheme for the PICs. Some of the core features of the design would be transparent rules governing the scheme so that costs of compliance are minimised. An efficient vetting process is a necessary prerequisite to ensure that those who enter as temporary workers do so at minimal costs to the host economy. An equally efficient tracking system to guarantee compliance with regulations would be necessary. Finally, individual governments would need to build incentives into any temporary-worker scheme in order to ensure, and reward, voluntary compliance with the scheme.

Notes

- 1 Helpful comment on an earlier draft of this paper from Carla Adami is gratefully acknowledged, though the views expressed are those of the author alone.
- 2 Due to lack of data, the 1971 population total does not include populations of FSM, Northern Marianas and Palau, while the 2001 total omits Nauru, Niue, Tuvalu and Tokelau.
- 3 Tokelau, as of 2004, was a self-administering territory of New Zealand, but is in the process of moving towards being governed in free association with New Zealand.
- 4 See section 141 of *The Compact of Free Association*. US citizens do not have similar rights to the labour markets of the Compact countries; Clause (b) of Section 142 of the Compact states that: 'The Government of the Marshall Islands or the Federated States of Micronesia shall accord to citizens and nationals of the United States treatment no less favorable than that accorded to citizens of other countries.' Section 311 of the Compact states that: 'The Government of the United States has full authority and responsibility for security and defense matters in or relating to the Marshall Islands and the Federated States of Micronesia.'
- 5 Males in Nauru as of 2004, for example, had a life expectancy of 52.5 years (compared with 55 years in 1994), the lowest in the region (data from Haberkorn 2004) and falling!
- 6 Data drawn from <http://rru.worldbank.org/DoingBusiness/ExploreEconomies/BusinessClimateSnapshot.aspx?economyid=150> accessed on 5 November 2004.
- 7 Remittance flows would have to factor in such calculations.
- 8 The 1992 quota was 100,000 for the country as a whole, which was made up of industry-level quotas.
- 9 Amigos Labour Solutions, a US-based company specialising in recruiting seasonal workers for the United States from Mexico, is a model in this regard (see <http://www.amigos-inc.com/index1.htm>). The Canadian Foreign Agricultural Resource Management Services (FARMS) is a user-fee model that facilitates recruitment of Caribbean and Mexican seasonal agricultural workers (see <http://www.hrsdc.gc.ca/asp/gateway.asp?hr=/en/on/epb/agri/overview.shtml&chs=hze>).
- 10 The United Kingdom, Switzerland and France all have had successful and long-established seasonal-worker schemes. Though they offer several lessons for design of any user-pays temporary-worker scheme, it is unlikely that private providers from Europe will expand their services to the Pacific.
- 11 That is, there is a selection bias in the data.
- 12 This observation is consistent with a detailed household-level study for Guatemala showing that remittances reduce the breadth and depth (severity) of poverty (see Adams 2004).

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Development Assistance Challenges¹

Vijay Naidu

IN THE FIRST DECADE of the 21st century, Pacific Island countries (PICs), with the exception of Samoa and Tonga, are still only a generation away from independence from direct colonialism. Indeed, there are still a number of vestiges of colonial rule present in the region.² In the past 20 to 30 years, these countries have sought to develop as peripheral capitalist societies with varying degrees of 'traditional' forms of societal organisation and cultures still in existence. Development has meant for their peoples improving material standards of living and greater participation in political processes, access to public utilities such as potable water, electricity, sanitation, educational and health services. Disadvantaged groups in society such as women, youth, ethnic minorities, the disabled, rural dwellers and the poor have been recognised as needing attention. Not infrequently some of the latter categories have been reluctantly put on the development agenda as a result of the insistence of external development partners, donor countries and agencies.³ PICs' efforts at development can be described as having had mixed success and their place in global development, characterised by an unbridled thrust toward free trade, is disconcerting.

This chapter will examine development assistance in a holistic way, situating it within the broader framework of development and development assistance to developing countries. International trends in overseas development assistance or aid will be outlined. Significant donor countries will be identified, as will the nature of aid provided. Donor countries tend to be most supportive of their former colonies and territories that continue to be politically integrated with them.⁴

Besides unravelling some of the complexities of development assistance, the chapter will challenge existing stereotypes about overseas aid and island country dependency. Issues such as geopolitical strategic rent and interdependence between island and Pacific Rim countries will be highlighted. Of significance in terms of overall development trajectory, it will be pointed out that some island countries do not have prospects for

meaningful 'independent' development and that there are degrees of 'independence' feasible for others. However, it will also be pointed out that the trade imbalances against island countries signify an extent of interdependence between them and donor country interests. It is not all one-way traffic.

The contradictory Pacific reality

Pacific Island people appear to continue to enjoy relatively high standards of living in the context of numerous traits that they share with other post-colonial states. In the recent past, these have included exposure to a downward trend in commodity exports, natural disasters and the diminishing capacity of the state in managing externally induced social transformation.

In the absence of a strong capitalist class in most island countries, the state played a lead role as a facilitator of private enterprise and as an owner/operator of enterprises in its own right. Areas of non-subsistence economic activities, such as plantations, mines, tourist resorts, urban centres that were centres of administration, wholesaling and retailing outlets as well as services such as central hospitals and elite schools, drew island people from all over the interior and outer-island hinterland. The use of local resources for 'national development' in a less than transparent and equitable manner, the presence of strangers in territories claimed by resident 'indigenous' groups, competition over land and jobs, the destruction of natural habitats for subsistence livelihoods, the lack of participation by local communities in decision-making about the use of their resources, and the use of repressive measures by state power-holders against those who protest their legitimate concerns, have caused conflicts in a number of island states.

As very small and non-competitive producers of raw materials, these island states are extremely vulnerable to fluctuations in commodity prices. Most are heavily dependant on one or two commodities. They are price takers rather than price makers. They are producers of much that they do not consume and consumers of much that they do not produce. Human capital loss is a major concern for some of them. They are variously subject to a full range of natural hazards such as cyclones, droughts, flooding and tidal surges, earthquakes and tsunamis as well as volcanic activity. Brindley (2004) discusses three different vulnerability indexes, which show that PICs are among the most vulnerable countries in the world. A composite vulnerability index, which takes account of a country's openness (export dependence), lack of economic diversification and its susceptibility to natural disasters, to measure vulnerability places PICs and other small island states among the top 30 of the most-vulnerable of 111 countries. 'Vanuatu is ranked the most vulnerable of any of the 111 states; Tonga comes in 3rd, Fiji 8th, the Solomon Islands 11th, Samoa 20th, Papua New Guinea 30th, and Kiribati 59th' (Brindley 2004: 23).

As if economic vulnerability and natural hazards are not enough to deal with, 'man-made' disasters abound. These include lack of accountability by state power-holders, serious shortcomings in the rule of law, public finance mismanagement, outright corruption and military intervention in democratic processes. In a number of the largest countries, security forces have become the primary sources of insecurity.⁵ Poor leadership and lack of vision and the processes of peripheral capitalism have led to growing social

inequality and poverty. In the larger island countries, significant numbers of children do not attend schools as these are not accessible or affordable. The lack of opportunities for gainful employment and amenities for recreational activities have spawned counter-cultures of delinquency, crime and drug abuse among unemployed young men and women.⁶ Sexually transmitted diseases and HIV/AIDS are becoming widespread. Idle young men have become the foot soldiers for unscrupulous leaders in Fiji, Papua New Guinea, Vanuatu and the Solomon Islands.

The World Bank has pointed to the 'Pacific paradox' and to a 'doughnut effect' in Oceania with respect to economic growth. PICs are perceived as the hollow of the doughnut, the rim of which is made up of the more vibrant Asia-Pacific Economic Cooperation (APEC) countries. For much of the past two decades, PICs have experienced stagnating and even periodically declining rates of economic growth (see Table 1), even though in per capita terms a number of countries and the region as a whole have the highest development assistance flows. Hence the paradox.

Table 1: Pacific Islands: Summary of economic aggregates

	Population (2001)	GNI per capita (\$US 2001)	Aid per capita (\$US, 1982–2001 average)	Average growth of real income per capita (1982–2001)
American Samoa	70,000	— ^a	—	—
Cook Islands	18,000	4,272 ^b	—	—
Federated States of Micronesia	120,000	2,150	802	-0.15%
Fiji	817,000	2,150	56	0.74%
French Polynesia	237,000	— ^c	1,517	1.58%
Kiribati	93,000	830	223	0.05%
Marshall Islands	53,000	2,190	1,016	0.44%
Nauru	12,700	2,830 ^b	—	—
New Caledonia	216,000	— ^c	1,642	1.95%
Niue	1,900	—	—	—
Northern Mariana Islands	80,000	— ^c	—	—
Palau	20,000	6,780	1,779	1.30%
Papua New Guinea	5,253,000	580	80	0.50%
Samoa	174,000	1,490	213	1.27%
Solomon Islands	431,000	590	129	-0.17%
Tokelau	1,500	—	—	—
Tonga	101,000	1,530	241	2.06%
Tuvalu	10,000	1,560 ^b	—	—
Vanuatu	201,000	1,050	237	-0.01%

a. Estimated to be upper-middle income (\$2,976–9,205). b. GDP per capita. c. Estimated to be high income (\$9,206 or more). Source: World Bank (2003)

Brindley, D. 2004. *Aid, Governance, and Economic Development in the Pacific*. p. 3.

Despite the size of these aid flows, real per capita growth rates over the period have been disappointing. The average for the Pacific over the 20-year period to 2001 was 0.8 per cent per annum, compared to 1.1 per cent for the rest of the world. However, the last decade has been even worse, with the Pacific averaging a contraction of 0.1 [per cent] per year, compared to the world average of 1.4 per cent growth. (Brindley 2004: 4)⁷

PICs are perceived as dependant, especially on aid, have negligible economic growth and increasingly pose problems for the larger rim countries. The 'MIRAB' model (Bertram and Watters 1985) highlights PICs economies that are dependent on migration (MI), remittances (R), aid (A) and a large bureaucracy (B) or public sector for employment. The countries included were Cook Islands, Niue, Tokelau, Tuvalu and Kiribati. To these can be added the Micronesian countries of FSM, the Marshall Islands and Palau.

According to Bertram and Watters,

'Aid' to these communities, although usually described as 'development aid', has in fact tended to have the character of a straightforward supplement to local incomes and consumption, and accounts for a large proportion of both. Up to half the budget of local governments is financed from offshore donors and the share of government employment in total cash employment on the islands ranges from about half to over 90 per cent. In balance-of-payment terms, aid inflows finance between 40 per cent and over 100 per cent of imports. Aid is, clearly, crucial rather than peripheral in the determination of incomes and consumption levels. (1985: 499)

An extent of 'MIRABleness' also afflicts other Pacific states that have large bureaucracies, high rates of emigration and that are aid dependent. This might give the wrong impression that the model is widely applicable to Pacific people. This is not the case as migration, remittances, aid and even a large bureaucracy (relative to population size) have not been significant to the same degree in Melanesia, which has nearly seven million of the eight million Pacific Islanders resident in PICs. Table 1 shows the enormous variations in development assistance to individual PICs, with Fiji receiving on average \$US56 per capita on the one hand and Palau averaging nearly \$US1,800 per capita for the 1982–2001 period.

Despite this high level of capital inflow, it is anticipated that Oceania will lag behind sub-Saharan Africa in achieving the Millennium Development Goals by 2015. These include reducing by half the number of people in extreme poverty and hunger; universal education; gender equality in access to higher education, wage employment and the proportion of seats in parliament; reducing child mortality by two-thirds; reducing maternal mortality by 75 per cent; combating HIV/AIDS, malaria and other diseases; ensuring environmental sustainability (reversing loss of environmental resources); halving the number of people without access to safe drinking water; and improvement in the lives of slum-dwellers. While PICs statistics with respect to these goals and indicators are distorted by the Melanesian countries in general, and Papua New Guinea in particular, with almost three-quarters of the population, it is nevertheless a sobering reminder of a paradise lost.⁸

Global warming is likely to have a disproportionate effect on atoll states such as Kiribati, the Marshall Islands and Tuvalu. It will have consequences for all island countries, further reducing the ability of their people to literally keep their heads above water. They will suffer from salt water inundation with rising sea levels — the consequences of activities in the industrialised world. The question is, will the latter take responsibility?⁹

However, Pacific Islanders themselves have been most resilient in dealing with the challenges their countries face. Islanders have sought education. They have migrated from the context of limited opportunities in their homelands to many parts of the world, but especially to New Zealand, the United States, Australia, France, Canada and Holland. Export earnings, remittances from relatives abroad, tourism-related income and aid have contributed to relatively high standards of living and per capita income levels compared with other developing countries. This is another dimension of the 'Pacific paradox' — being able to enjoy relative wellbeing without the necessary expansion in in-country productivity.

A sector that is regarded as posing considerable impediment to economic growth is agriculture and especially subsistence agriculture. In virtually all PICs, customary forms of land tenure are intimately bound up with small-holder production. Customary land tenure is perceived as a major fetter to increased productivity, as group ownership does not allow land to be used as collateral in securing bank loans for investment in equipment, fertiliser and pesticides. Moreover, investments in other areas, such as tourism, housing, renewable energy and waste disposal, are seen as being unnecessarily stalled by land not being a factor of production that can be bought and sold in the market. However, it is also widely recognised that without the access that most (not all) Islanders have to plots of cultivable land, guaranteed by their membership of landowning groups, poverty levels would be much higher.¹⁰

Aid paradigms and development assistance trends

In terms of the overarching conceptual paradigm of aid, there have been several shifts and changes. These paradigm changes have been determined by developed countries with minimum regard to developing countries' perspectives. Indeed, with little regard to their own commissions on overseas development assistance (ODA). Thus, just on the release of the report of the Independent Commission on International Development Issues (1980), the Brandt Report, the United States and the United Kingdom substantially reduced ODA contrary to the report's core recommendations. Without immediate tangible returns to the donor country, international aid did not fit into the monetarist and market-centred policies of Reaganomics and Thatcherite economics (Gounder 1995).¹¹ OECD countries and the multilaterals that are largely their instruments have determined the modalities, ebb and flow of aid.

From aid as overseas development assistance for the purpose of addressing many of the 'gaps' left behind after the colonial experience of most developing countries, thereby ensuring the continuing influence of the former imperial powers, aid, in the current era of 'conditional aid', has become a significant instrument for compelling structural adjust-

ments. The quantum of aid and the mode of delivery have never been adequate to bring about systemic 'people-centred' changes in recipient countries. More broadly, after colonialism established patterns of raw material production in the Third World, the Bretton Woods institutions have pushed post-colonial states the world over to produce the same export commodities, thereby triggering an oversupply, reducing their foreign exchange earnings and leaving them in their current predicament of dependence. A good example of this is the current predicament of coffee producers. The 1980s debt crisis and the imposition of stabilisation and accompanying conditionalities have further aggravated their situation (Ould-Mey 1994; Reality of Aid 2004).

In the past two decades, the ability of a post-colonial state to foster its 'national economy' has been seriously undermined.¹² This is the bigger picture within which ODA is better understood.

In broad terms, ODA increased from the 1960s to the 1980s, but declined in the 1990s. In real terms (using 2001 prices), in 1992, ODA from all Development Assistance Countries (DAC)¹³ stood at close to \$US58 billion, declining to \$US44 billion in 1997 and increasing to \$US58 billion in 2002. 'In fact aid fell in real terms by 24 % between 1992 and 1997' (Reality of Aid 2004: 181). This dramatic decline did not mean that the need for ODA had diminished but that domestic policies of donor countries took overriding priority. It is apparent that even after the Financing for Development Conference in Monterrey, Mexico, in 2002, the pledges of donor countries of about \$US16 billion will be far short of the \$US50 billion per annum needed to achieve the Millennium Development Goals.

When one considers that the world's countries spend more than \$1,000 billion on armaments and militaries, \$350 billion on agricultural subsidies and only \$57 billion on ODA (Wolfensohn cited in UNANZ Newsletter, April 2004), the huge gulf between rhetoric and reality is striking. The total aid figure is significantly reduced when tied aid and the 'boomerang effect' of aid is considered. Substantial proportions of Australian and New Zealand development assistance is tied aid. The amount of aid funds transferred offshore can be minute.

Very few OECD countries have achieved the UN's target of 0.07 per cent of GNI ODA. Holland, Denmark, Luxembourg, Norway and Sweden are the exceptions (Reality of Aid 2004). During the Marshall Plan period, the United States provided up to two per cent of its GDP in aid for the reconstruction of Europe; this volume of ODA from one country was unprecedented. Despite the adoption of the Millennium Development Goals and the global consensus to increased ODA at the Financing for Development Conference in Monterrey, significant increased development aid is yet to be seen.¹⁴ In the current period, the following excerpt provides a succinct picture of the context of ODA:

[Developed–developing world] resource transfers are declining and [developed-world-dominated]–global institutions are consolidating a system of highly unequal relations between countries.

NGOs have been increasingly angered by the cynical exercise of power by [developed world] governments promoting 'good governance' and 'aid effectiveness', while

defending narrow political and economic self-interests. Industrialised countries devoted US\$353 billion (seven times total ODA spending) to protecting agriculture in 1998, according to UNDP. At the same time, the policy choices available to poorer countries are narrowed by conditionalities imposed by international finance institutions and bilateral donors. As reports from NGOs in Asia illustrate, southern governments are forced to privatise and liberalise, while OECD restrictive practices, tariff and non-tariff barriers cost developing countries US\$160 billion a year. This translates into real human suffering which the World Bank recently quantified as welfare losses of US\$19.8 billion. (Reality of Aid 2002: 2; emphasis in the original.)

Development assistance post-September 11

It is apparent that the terrorist attacks on the twin towers of the World Trade Centre on 11 September 2001, have changed significantly the context of international politics and international aid. September 11 has caused a sea change in the United States, which has replaced communism as public enemy number one with the more amorphous 'terrorism' as the biggest threat to its security. The United States has indicated its willingness to take unilateral action against perceived threats to its security without the endorsement of the UN. There are many ramifications of this superpower's approach to 'go-it-alone' with a number of hangers-on. The geopolitics of bigger powers have significantly influenced aid flows and it is likely that the United States will reward those countries that its leadership sees as being supportive and/or of strategic value. Oceania has been a beneficiary of the change. Prior to this tragic event, the Pacific Islands were no longer perceived as strategically important. This applied especially to northern Pacific Micronesian states, and also to the US Territory of Guam; this perception has since been reversed drastically.¹⁵

September 11 has also triggered the more interventionist phase in Australian foreign policy and development assistance. It appears that there is a process under way of re-marking the boundaries of its backyard with an emphasis placed on the national interests and stability of countries in the neighbourhood. According to Bruce Davis, the Director-General of AusAID:

The aid program is a long-term tool to address long-term problems. In particular, we need to persist with support for stability and for economic and governance reform over the long haul — strengthening the hands of reforming governments and supporting reform champions within struggling governments (noting that generational change may be required before benefits are fully realised).

We don't have the luxury of walking away. These states are on our doorstep and our engagement with them is core business for our development cooperation program. Our national interests are inextricably linked to stability and peaceful development in the region. (Davis 2003)

Implied in this excerpt is a growing preoccupation with Australian security and proactive development assistance to ensure stability. This will have repercussions for the nature of aid and aid delivery to PICs.

The Pacific context of aid

ODA in the South Pacific has undergone a number of shifts in the fashion of aid world-wide (see Hjertholm and White 1998). Former colonial rulers in the region, such as Britain and the United States, began to shift their interests before September 11 to other areas where their strategic and economic interests were seen to be better served.¹⁶ Japan, China and Taiwan have begun to play an increasingly important role as bilateral donor countries. For these countries and the ANZUS partners, aid to island countries has been and continues to be an important foreign policy instrument (Tarte 1998; Teaiwa et al. 2002). For the duration of the Cold War era, aid was one of the ways in which the white Pacific influenced and controlled the black Pacific. Regional organisations wittingly and unwittingly learned how to play the aid game, becoming conduits of such influence. On the economic front, aid has ensured the consolidation of the linkages forged during colonial rule and the patterns of economic subordination remain. Politically, room to manoeuvre existed insofar as some island countries could threaten that they would go to the Soviets if certain of their requests were not met. However, any real attempts to establish such relationships were strongly opposed by ANZUS with the Australasian media going into bouts of hysterical frenzy. Kiribati's fishing agreement with the USSR is a case in point (Neemia 1988).¹⁷ Vanuatu's ties with Libya received strong condemnation.

In the current period, aid in the South Pacific ranges from the competitive cheque-book diplomacy practised by China and Taiwan, to the marine resource-related ODA by Japan and the more conditional aid of Australia and New Zealand. International finance institutions, namely the World Bank, the International Monetary Fund and the Asian Development Bank, likewise continue to push for reform, entailing structural adjustment conducive to market-centred development (Teaiwa et al. 2002; Slatter 2004). These bilateral and multilateral agencies have now shifted to a common rhetoric of poverty reduction requiring a continuation of vigorous reforms. There is a concern that the efforts to harmonise ODA in the region will lead to the homogenisation of aid in line with the agenda of the international financial institutions. Numerous contradictions abound. The one-size-fits-all structural adjustment programmes have contributed to political instability in the complex multi-ethnic states. The 'blame the victim' syndrome is manifested in terms such as 'failed states' and 'arc of instability' (Fry 1999).

Geopolitical interests continue to be the primary motivation among Pacific Rim donor countries for aid (see Table 1). An examination of aid flows from donor countries to recipient countries shows a clear preponderance of aid to current and former colonies and to areas of influence. French aid is provided largely to French Polynesia and New Caledonia; US aid to its former Trust Territories — the Marshall Islands, the FSM and Palau; Australian aid to Papua New Guinea, Indonesia and East Timor; New Zealand aid to Samoa, the Cook Islands, Niue and Tokelau; Japanese aid to other Asian countries.

In terms of what donor countries receive in return, Poirine (1993) has written about 'military rent' and 'atomic rent' with respect to American interests in Hawai'i and Guam and French interests in French Polynesia. He has identified the importance of military rent or geopolitics in ODA and aid as 'geopolitical rent'. ANZUS interest in much of the Pacific can be regarded in a broadly similar way. Moreover, the eight million people in Pacific Island states, small by world standards, do provide an almost captive market for goods and services from Australia and New Zealand. There is a huge trade imbalance in favour of the latter countries. Pacific Island economies are also tied up with these larger economies because of labour migration and remittance flows.

Forms of development assistance and donor agencies

Development assistance to Pacific Island countries takes several forms and includes monetary grants, soft loans, technical assistance, technology transfer and other in-kind contributions. At the broadest level, it can be bilateral or multilateral involving government-to-government transfers and transfers by donor governments to international and regional multilateral organisations, which then transfer aid to island governments. In the past, virtually all overseas development assistance was official, involving government-to-government transfers. More than 80 per cent of development assistance continues to be bilateral. Much of the remainder is transferred to PICs through multilateral agencies — international and regional. Prominent among the regional organisations in this regard are the Pacific Islands Forum and the Pacific Community.

The relative autonomy of island states also gives them some room to manoeuvre with respect to development assistance. This manoeuvrability can be used strategically for longer-term development or it can be abused. Contradictions emerge between those seeking 'good governance' and those engaged in old-style chequebook diplomacy. Taiwan's competition with China in gaining recognition among island states has meant that both these countries readily provide funds to unsavoury leaders. How the funds are used appears to be of little concern. Thus, much of the multi-million dollar assistance given by Taiwan after the conflict in the Solomon Islands in 2000 was used to pay compensation to politicians and gang leaders. Recently, it was reported that Vanuatu was pledged \$9 billion by Taiwan for granting it diplomatic recognition (*The [Hobart] Mercury*, 9 November 2004).¹⁸ Australia meanwhile has warned the Vanuatu Government that it will reduce bilateral aid if good governance is not given priority.

These days, donor agencies also make aid transfers directly to non-governmental organisations in developing countries and/or through development, relief and humanitarian NGOs based in metropolitan countries. The latter often network and form umbrella organisations to better coordinate their activities, share resources, engage in advocacy and campaigns. Eighty Australian development NGOs are affiliated with the Australian Council for International Development and 64 such NGOs are affiliated with the Council for International Development in New Zealand.

Development assistance challenges

There are numerous challenges to development assistance in the contemporary period, which are likely to extend for at least the next 10 to 20 years. These include donor countries prioritising national interests over international concerns; their preoccupation with security matters and development-related conflicts; bilateral versus multilateral aid; structural adjustment programmes to promote 'governance' denoting marketisation and democratisation; engagement with civil societies; and participatory development and long-term partnerships. The biggest challenge for PICs is to deal with the forces of globalisation pushing neo-liberal reforms that will erode the preferential access they have to overseas markets. PICTA, PACER and Economic Partnership Agreements with the EU are designed to move PICs into the 'rules-based' free trade regime of the WTO. ODA will be required to provide support to PICs as they seek to engage competitively with the economic giants of the world on a supposedly level playing field.

Maintaining and increasing aid flow

There are many challenges to international aid in the Pacific region. A number of these are shared with other developing countries of the world. Central to these concerns is whether the coming decades will see an increase in ODA and a genuine long-term movement towards achieving 0.7 per cent of GNI of OECD countries. The massive drop in aggregate ODA in the 1990s is a precedent that could be repeated. This was explained as aid fatigue. Since 2002, Japan and Italy have significantly reduced aid (OECD 2003).

Sub-Saharan Africa and the Pacific Islands are severely constrained in their ability to attract foreign direct investment. These constraints are structural: limited resource endowments, small population size and therefore minute markets, human resource limitations and institutional constraints including rule of law and capital market issues. To maintain and improve the quality of life of people in these regions, ODA needs to meet the savings-investment gap as well address social development areas such as education, health, housing, safe water and public utilities, which are of no interest to private investors if user-pay principles cannot be applied.

On per capita regional terms, the Oceania region is the highest recipient of aid, with \$US183 per person. Sub-Saharan Africa received \$US27 by comparison in 2002 (OECD 2003: Chart 1, Appendix A). In aggregate terms, however, the region received only about two per cent of world development assistance funds (OECD 2003: Chart 2, Appendix B). The largest donors have been France, Australia, the United States, Japan, New Zealand, the United Kingdom and various UN agencies. As is to be expected, the biggest recipients of aid were the French colonies of Tahiti Polynesia and Kanaky (New Caledonia), followed by Papua New Guinea with development assistance from Australia. The US Compact countries of Micronesia and the Marshall Islands come third, with the French territory of Wallis and Futuna next. Sectoral allocation of aid included education, health and population programmes, other social sectors, economic infrastructure and services, production, programme assistance and emergency assistance.

With concerted efforts to halve poverty worldwide and to achieve other Millennium Development Goals, it is likely that donor interests will shift towards those countries and regions that are especially impoverished. A number of PICs classified as least-developed countries are hard pressed to justify their membership of this category of countries. Extreme poverty and hunger are emerging in the region but they are nowhere near comparable with sub-Saharan Africa and South Asia.

Ironically, issues less directly related to poverty reduction, such as the security concerns of Australia and New Zealand as well as the maintenance of their sphere of influence, will ensure that aid from these donor countries remains focused on Oceania. They currently direct 39 per cent and 44 per cent, respectively, of their total ODA to PICs (AusAID and NZAID web sites). However, there are likely to be shifts in development assistance within the region towards Melanesia. Poverty reduction will also mean that aid funds will be targeted more to the poor. Already, NZAID has overhauled its education sector funding with very significant increases in the proportion allocated for basic education.

Securitisation of aid

Oceania is perceived variously as an American lake and ANZUS's backyard. Besides the tensions on the Korean Peninsula and North Korea's supposed membership of the 'Axis of Evil', China is emerging as a major player in the region. This is coupled with the 'look north' foreign and trade policy change in a number of PICs. For instance, Fiji's political leadership has been positively inclined to Japan and China, as neither of these countries' governments opposed the military coups of 1987 and 2000 and do not take a position on human rights violations.

With the US-conceived and led war on terror, there has been a tendency to perceive all kinds of open violent conflict as being motivated by terrorism or at least providing fertile ground for terrorist organisations. Resources formerly used for humanitarian and developmental aid are now increasingly diverted to security matters. These include building security organisations and training and equipping military and police personnel. Legal and institutional frameworks might be established or modified using aid funding. There appears to be a significant reorientation of Australian development assistance to the region in this regard (*Pacific Outlook* September-October 2002).

Australia has adopted a more aggressive foreign policy approach, which includes how aid is used. The Regional Assistance Mission to the Solomon Islands (RAMSI) from mid-2002 has marked a remarkable change from Australia's 'hands-off the internal affairs of its neighbours' position to one that seeks early intervention. Thus, with other regional countries, Australia is currently reforming the Solomon Islands' political and economic institutions to address possible future problems of instability. The 'help 'em friend' approach has been extended to Papua New Guinea in the Enhanced Cooperation Programme (ECP). Australian public servants, including police personnel, have begun to hold ministerial and administrative positions. A regional police training facility and programmes, based in Fiji, are envisaged.¹⁹ Australia and New Zealand have increased their funding of 'governance': Australia from 15 per cent in 1999–2000 to 33 per cent of

its ODA in 2003–04 (AID/WATCH May 2004) and, in New Zealand, approximately 40 per cent of the aid budget to the Pacific was spent supporting ‘governance’ related activities (NZAID September 2004).

Australia’s more interventionist approach as the self-appointed regional sheriff has markedly affected its development assistance to the region. Although in aggregate terms it is reported that Australian aid has increased to the region in general and to Papua New Guinea and the Solomon Islands in particular, closer scrutiny reveals that additional funds are used to pay Australian public servants, police personnel and private companies (AID/WATCH November 2004). The current phase and style of Australian ODA to PICs raises the challenge of neo-colonialism in the region.

Aid actors

ODA in the earlier phase involved government-to-government transfers. International financial institutions also dealt with governments. While government-to-government interrelationships remain central, there have been changes in aid objectives and agencies. The reform agendas of OECD countries emphasise the promotion of the private sector and market. Human rights and the adoption of democratic institutions are also pushed. The role of the state as the ‘lead actor’ in development and of state planning for development is de-emphasised and even openly criticised and ridiculed. International financial institutions have become leading advocates of private sector promotion and of minimising the economic role of the state.

In the smallest Pacific countries, the private sector is miniscule because the domestic market is so small. The attempt to drive home the neo-liberal dogma is not likely to produce any significant positive outcomes. Such countries might have difficulties in accessing aid because of conditionalities linked to marketisation.

Besides the emergence of private business as a development partner in the use of aid, there has emerged in the past two or three decades a new category of agencies in the development arena. NGOs, together with community-based organisations, constitute ‘civil society’ and have taken up various degrees of active work in advocacy, provision and implementation of development projects. Developed-country NGOs have become vocal critics of their governments, the international financial institutions and grossly unequal international economic and political structures. Globalisation and unfair trade rules pushed by the WTO have induced a global network of civil society organisations that share information, resources and strategies to counter the policies of the G8, OECD and international financial institutions.

Developed-country NGOs have also become recipients of ODA funds as well as donations from citizens of OECD countries to engage in relief, humanitarian and development aid. In the Pacific, international NGOs such as OXFAM, the Red Cross, World Vision, Greenpeace, Save the Children Fund, World Wide Fund and DAWN are playing a number of roles. It is anticipated that autonomous organisations backed by governments and the private sector, such as the Pacific Cooperation Foundation, can facilitate greater understanding of the development challenges faced by island states.

As in most other developing regions of the world, Oceania has also seen a significant growth in NGOs. The older church-based groups have been supplemented by women's organisations and youth and environmental groups. Many of these groups are perceived as bringing support to their communities more effectively than government. Thus, domestic violence, which is widespread in the region, has been tackled largely by women's groups. Donor countries and agencies promote NGOs and seek partnership with them in some situations because government officials are seen to be corrupt and ineffectual.

Thus, the Australian Foreign Minister, Alexander Downer, in announcing new strategies for the delivery of aid, asserted that they included 'a plan to bypass failed governments. The breakdown and corruption of governments, particularly in Melanesia, means more of Australia's aid will go directly to community and church groups' (*Pacific Outlook* September–October 2002).

A challenge for donor countries and recipient country governments is how best to accommodate NGO participation in development. This is particularly so when NGOs have taken positions that are opposed to governments or when NGOs challenge government policies and actions.

Bilateral versus multilateral

As mentioned earlier, the bulk of ODA has hitherto been government-to-government transfers with aid to multilateral or regional organisations being relatively limited. However, it is likely that in the near future there will be a shift towards greater funding of regional-level initiatives and programmes. There are several areas of common interest in the region, which include shipping, fisheries, transport and communication, higher education, environmental management and security, which benefit from a broader regional approach. The EU is already funding programmes centred on the Pacific Islands Forum, the Pacific Community and the University of the South Pacific. These institutions also draw considerable support from some of the larger bilateral donors such as Australia, New Zealand, Japan and France.

Some intergovernmental regional organisations face difficult challenges. The Forum Fisheries Agency (FFA) in the past was hindered by distant water fishing nations (DWFNs) approaching PICs on a bilateral basis. Although PICs' exclusive economic zones have the most richly endowed tuna fisheries in the world and account for one-third of the world's tuna catch, the returns to island states are very small. Only 11 per cent of the total catch of one million metric tonnes each year is caught by PIC-owned vessels. While the value of the total catch is \$US2 billion, the fees paid to island countries in the late 1990s amounted to \$US54 million (Pacific Regional Strategy Paper 2002–07: 20). Without the efforts of FFA, many of the agreements with DWFNs would not have been possible, but in the negotiation process DWFNs have tried to weaken the regional approach.

All-of-government approach, harmonisation and sector-wide approach

Just as regional approaches to certain common problems faced by PICs are seen as the most appropriate, there is increasing discussion about an 'all-of-government approach' in

evolving common strategies towards the region and to individual PICs. While such an approach is seen as being more effective, as it reduces duplication of efforts and wastage as well as minimising contradictory directions in development assistance, there is a danger that it will also contribute to a lead government agency overshadowing the legitimate concerns of other departments. Thus, the orientation and thrust of AusAID, NZAID and the Japanese International Cooperation Agency (JICA) might become even more closely tied up with foreign affairs and trade as well as security matters serving the donor country's 'national interest' rather than meeting the development aspirations of aid-receiving countries.

Harmonisation has become a buzz word among donor countries and agencies. Again, there appears to be a commonsense rationale for all donors to engage with each other in deliberating on and sharing approaches, resources and programmes. This reduces duplication and promotes a sharing of 'best practice' in development assistance at macro and micro levels and sectorally. Thus, a common approach to achieving Millennium Development Goals among donors might result in a pooling of resources, a more efficient allocation of funds to areas of need and a sharing of the different tasks on the basis of expertise. However, there are a number of fundamental issues with harmonisation. First, donor agencies do not necessarily have identical agendas with respect to their overall development goals and methods of achieving them. The question is whose approach will prevail. Allowing the World Bank or the Asian Development Bank to get the lead role in poverty reduction might not be the best outcome of such efforts at harmonisation.

The 'sector-wide approach' has also been in vogue in recent times and is likely to become important in the future. This entails minimising the time and effort spent by government personnel in recipient countries making numerous reports to several donor agencies. For instance, civil servants in the Ministry of Health do not continue to report back separately to WHO, AusAID, NZAID, JICA, the Food and Agriculture Organisation, EU, etc., on how their funds were used. Instead, supporting programmes in a sector of a recipient country would be on the basis of budgetary support for that sector. This would not only significantly reduce the time and effort of senior government personnel in the paperwork for reporting back, but would release them to do the policy and supervisory work that they are supposed to be engaged in.

The danger of the sector-wide approach is that it reverts to official channels as the primary conduits for development aid and in doing so provides support to government as against wider civil society. It also harkens back to the top-down approach to development. Given the politics of a government, it is likely that the consolidated support of donor countries and agencies might not be equitably used. It is not clear that the poorest of the poor will benefit or indeed that such an approach will help women and disadvantaged minorities. In this regard, the extent to which the sector-wide approach will ensure participatory development and empowerment is open to question. There is also the concern from smaller donors' points of view that in the pooling of resources their distinct contribution will not be given due recognition.

Local government in PICs has been a neglected area, which may or may not benefit from the sector-wide approach. In the aftermath of RAMSI, the discussion over a federal-

type constitution for the Solomon Islands has rekindled issues relating to local government in the region. Decentralisation of power away from the capital city is a major development challenge in most PICs that will draw on the support of donor countries and agencies.

Participatory development and partnerships

In the development community there is recognition that for development to be sustainable it requires the participation of people who are its beneficiaries. Considerable thought needs to be directed at how their knowledge, skills, views and aspirations are to be incorporated in activities designed for their benefit. Participatory Rural Appraisal and Participatory Learning and Analysis, and a range of other participatory approaches and techniques, have shown that people who are the 'grassroots' recipients of aid can and do make a significant contribution to the analysis of their situation and the strategies that could improve their lot. With decisions being made about development assistance by donor countries and agencies thousands of kilometres away, and through governments that often have little to do with the poorest of their citizens, there is a huge challenge of nurturing participation. This in turn gives 'local ownership' and ensures a greater degree of sustainability.

In this regard, NZAID's support for the 'Rethinking Pacific Education' project is quite remarkable and might provide a good framework for ensuring a participatory approach to development assistance. This project, led by Dr Kabini Sanga, a Pacific educator and senior lecturer in education, with colleagues at the Institute of Education, University of the South Pacific, has been providing meeting grounds for discussion, research, critical evaluation and alternative policy formulation for educational development in PICs. Funded by NZAID, which does not interfere in the process, the project has generated new ways of conceptualising Pacific education, building capacity and confidence among island educators, bringing academics, policy-makers and practitioners together in the task of creating more country- and regionally- relevant education. This type of donor-recipient relationship is a productive partnership.

Another significant point that emerges out of this project is the recognition of not only the existence of potential local partners in all projects, but of using the expertise that Pacific Islanders have acquired through years of research and reflection as well as by living in PICs on a continuing basis. It is vital that as part of generating 'local ownership' more local people are used as expert consultants on matters that affect them and their societies.

From a situation of relative unequal standing between the giver and the receiver, there has been a trend towards an approach of 'we are in this together for the long haul' and that there are mutual benefits for both parties. This has engendered mutual respect and longer term strengthening of relationships well beyond project or programme cycles. As in all relationships, there will be ups and downs, but there is a willingness to keep channels open for dialogue and discussion.

Building national-level capacities in PICs so that there is leadership and the capacity to negotiate with donor agencies and in deliberations over international treaties on relatively equitable terms is critical to long-term partnerships. This means that human

resource development is also a core issue in development assistance. Opportunities for tertiary and postgraduate education continue to be important in the emerging prioritisation of basic education.

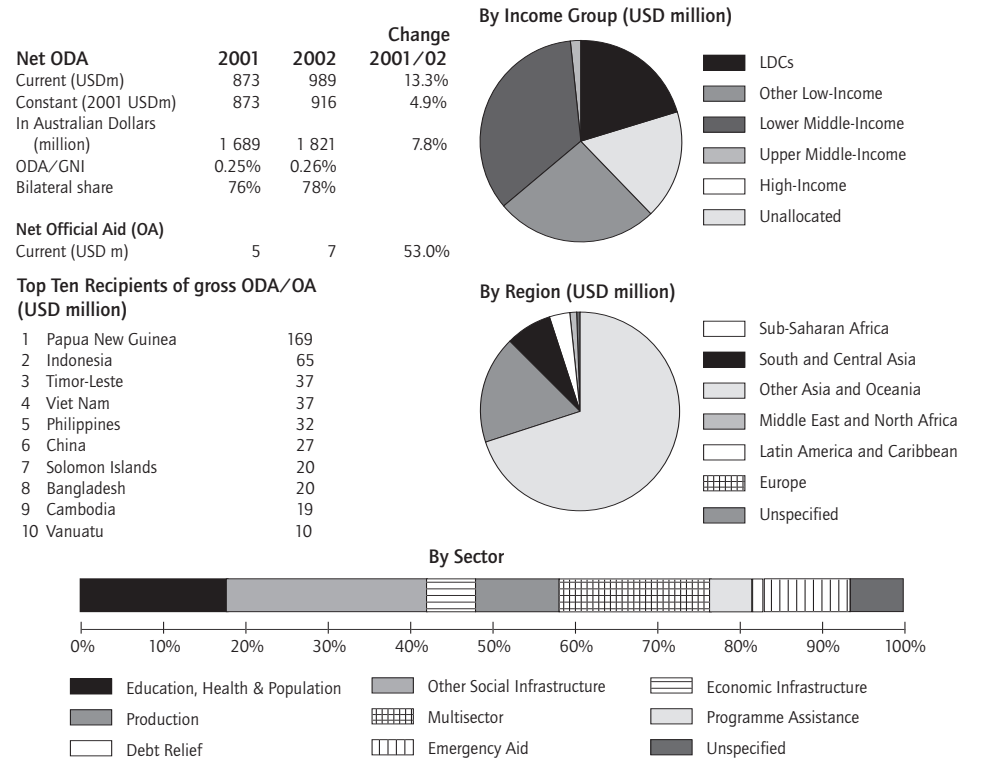
Conclusion

PICs are relatively poor and powerless in the global community. As part of the developing world, Oceania will be subject to the outcomes of negotiations over international trade, environmental (especially marine), security and labour agreements. Individual countries have different prospects depending on their human resources, institutional capacities, natural resource endowments and the nature of their incorporation in the global system. Their relative poverty means that on many fronts, including managing their limited resources, they need development assistance.²⁰ Regional approaches have served a number of useful purposes in the past and will need to be consolidated to meet common challenges.

The current push for a free-trade regime will have serious repercussions for island economies and government revenues. Donor countries and agencies will need to work with PICs to provide buffers against the negative repercussions. Such support will have to be seen as assisting PICs as partners in development who need a 'leg up' in particularly difficult circumstances. The beneficiaries of such assistance will not only be Islanders but donor countries. Instability and out-migration would be minimised and PICs and traditional donor countries would benefit.

There is a need to ensure that beyond providing resources for policing and law and order institutions, the participation of Islanders is enhanced in the decision-making processes of their countries. Development assistance needs to address issues of human capacity in PICs as a core dimension of development.

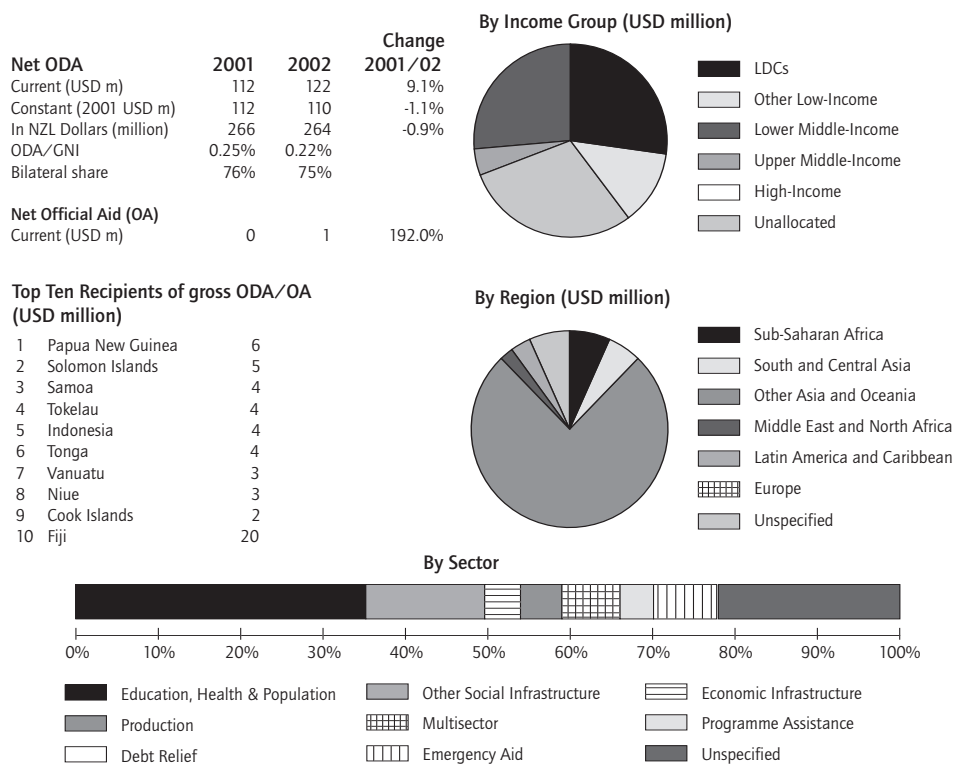
Appendix A: Gross Bilateral ODA, 2001–02 Australia



Source: OECD

Adapted from Australia: Gross Bilateral ODA, 2001–2002, Aid Statistics, Donor Aid Charts, www.oecd.org/dac/stats/donorcharts, © OECD

Appendix B: Gross Bilateral ODA, 2001–2002 New Zealand



Source: OECD

Adapted from New Zealand: Gross Bilateral ODA, 2001–2002, Aid Statistics, Donor Aid Charts, www.oecd.org/dac/stats/donorcharts, © OECD

Notes

- 1 I would like to acknowledge the support of Andrisha Kambaran, my research assistant, in the collection of documents relating to ODA.
- 2 France continues to practice direct colonialism in Kanaky (New Caledonia), Tahiti Polynesia (French Polynesia and Wallis and Futuna). The 'Compact' ties the former US Trust Territories of FSM, the Marshall Islands and Palau to the United States. The Cook Islands and Niue are closely linked to New Zealand and Tokelau remains under NZ's control. Indonesia occupies West Papua.
- 3 Middle-aged and old men ('*unimane*' in Kiribati) dominate decision-making in the patriarchal systems that characterise much of the region.
- 4 A view has emerged that closer political and economic integration and the lack of sovereignty have contributed materially better standards of living and human rights in such countries compared with those that are politically independent (Bertram and Watters 1985; Crocombe 2004).

- 5 The ethnically exclusive Fijian military has engaged in three military coups undermining democratic electoral outcomes; the Solomon Islands police were involved in the 2000 coup that overthrew Prime Minister Bart Ulufa'alu's government; the PNG and Vanuatu security forces have mutinied periodically.
- 6 Region-wide, there is only one job for every seven people looking for employment (*Pacific Regional Strategy Paper 2002–2007*, p. 22).
- 7 The heavily remittance-dependent economies of Samoa and Tonga have experienced growth. Samoa has engaged in the reform process most consistently and has shown annual growth rates in the past five years. With the collapse of its squash exports, Tongan economic prospects are not positive.
- 8 HIV/AIDS has spread through virtually all PICs, but the situation in Papua New Guinea is especially worrying, with an estimated 40,000 HIV-positive cases. Illnesses, such as malaria, TB, respiratory and infectious diseases, remain significant threats in Melanesia. Lifestyle diseases such as diabetes and cardiovascular problems have become rampant in Micronesia and Polynesia.
- 9 Australia sided with the United States in downplaying the environmental impacts of human activities and sought to dilute the Kyoto Protocol, much to the chagrin of PICs representatives.
- 10 Some Pacific experts continue to subscribe to the notion of 'subsistence affluence', which in my view is not present equally in all PICs and in any case raises the issue of what is defined as affluence.
- 11 From 1977 to the early 1990s, the British Government had an Aid and Trade Provision system that ensured that development assistance was to benefit the British economy (Yamauchi 2003).
- 12 International financial institutions have a powerful invasive role where a country has fallen into the debt trap as well as a missionary role in determining macro-economic policies.
- 13 Comprises 30 OECD member states.
- 14 A recent OECD news release (14 May 2004) stated that aid volume had risen by 11 per cent in the past two years, after a decade of decline.
- 15 Presentation by former Congressman Robert Underwood, 'Pacific Security — A Micronesian Perspective', at Securing a Peaceful Pacific Conference, University of Canterbury, Christchurch, 15-17 October 2004.
- 16 While the British contribution is partly incorporated in EU aid to the region and the United States makes direct subventions to the 'Compact' states, these donor countries have shifted their interest to the former Soviet Bloc countries in transition, which have bigger markets and natural resources.
- 17 Australia and New Zealand had agreements with the Soviet Union allowing the latter's fishing boats into certain ports. This raised the issue of the white man's burden and continuing paternalism towards black Islanders!
- 18 The *Los Angeles Times*, in an article headlined 'China, Taiwan court tiny group of islands', reported that Vanuatu had 'become the belle of the cross-straits ball as China and Taiwan open their chequebooks and compete for its loyalty'. Taiwan had

promised \$30 million against China's \$10 million. The article further reported that 26 countries recognised Taiwan — 'mostly impoverished nations in Latin America, Africa and the Pacific. An additional 160 recognize Beijing.'

- 19 A matter that is critical in development assistance, which can be the subject of a separate paper, is aid and ethnicity. With respect to training and equipping police and military forces, donor countries and agencies (such as the UN) must take cognisance of the ethnic composition of security forces. In Fiji, the Solomon Islands and Papua New Guinea, as well as in Vanuatu, ethnicity has been a factor in political destabilisation by and within security forces. In Fiji's case, it appears that in pursuit of their own interests, the UN and Australia are not prepared to reflect on the morality of arming one ethnic group in a multi-ethnic society. This in the context of a military that has a track record of three military coups and a mutiny in the past 17 years.
- 20 This chapter has not addressed the use of ODA to meet the dangers posed by unsustainable exploitation of natural resources such as fisheries and forestry. Australia and New Zealand, together with the Global Environment Facility and the South Pacific Regional Environmental Programme, have made efforts to mitigate the destruction of natural resources and biodiversity in PICs.

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Climate Change and Development in Pacific Island Countries

Graham Sem

Introduction

Climate change, climate variability and sea-level rise are not just environmental, but economic, social and political issues for Pacific Island countries (PICs). The impacts and, in particular, the related economic and social shocks, pose serious political and national financial management issues for PICs. Extreme climate events can adversely affect gross domestic product, balance of payments, budget deficits, foreign debt, unemployment and living standards. Many communities and the resources they depend on for their daily livelihood and income tend to be badly affected by the changing climate.

As with other small island developing states, PICs are particularly vulnerable to global climate change, climate variability and sea-level rise. Given their smallness and the location of their populations, agricultural activities, socioeconomic activities and infrastructure at or near the coastal zone, any rise in sea level will have significant and profound effects on their economies and living conditions. In some situations, the very survival of communities is already being seriously threatened.

Current work in helping vulnerable populations adapt to climate variability has shown that socioeconomic, environmental and climatic stresses are all connected and therefore the full range of potential future stresses must be considered in adapting to the adverse impacts of climate change. Given the lack of human and economic resources due to geography, accessibility, the smallness of the economic base and a fragile economy vulnerable to external shocks, PICs ability to adapt to extreme changes in climate remains a major challenge.

In this paper, it is shown that despite the generally low adaptive capacity for PICs to respond effectively to the negative impacts of climate change, climate variability and sea-level rise, a significant effort has been devoted to understanding the impacts of, vulnerability and adaptation to climate change. The paper is underpinned by the science

of climate change and the evidence it provides for future climatic conditions and issues of vulnerability and adaptation. The last section covers some of the priority response options that are pertinent for policy development relating to climate change and sea-level rise in the PICs. Some of the priorities for action identified in numerous documents, meetings, workshops and conferences in the past two decades are presented to encourage interventions by governments and other stakeholders.

Context

Pacific Island countries are continuing to experience the impacts of a changing and variable climate. Many of these are consistent with the anticipated impacts of global human-induced climate change. A growing body of quantitative and qualitative information and strong anecdotal evidence from across the Pacific region supports this. Collaborative efforts among regional and international scientific and technical organisations are providing valuable information that is being used to better predict human-induced climate change and natural climate variability and to establish more conclusively the magnitude of climate change and likely impacts in this region. Pacific Island policy-makers require answers to critical questions relating to their vulnerability and their sustainable development. Providing these answers will require stronger links between science and policy and a well coordinated effort among all stakeholders.

Some capacity for this has been developed in the region in the past decade. This is reflected in the considerable efforts by PICs in recent years to prepare national technical studies and the development of policy-relevant guidance for key sectors. Significant challenges for policy development have been identified in relation to a range of likely impacts, including the loss of revenue across productive sectors, damage to coastal infrastructure and accelerated coastal erosion, damage to coral reefs, impacts on water resources for local communities and tourism, and social and cultural disruption, including displacement and adverse effects on traditional systems.

Science of climate change, climate variability and sea-level rise

At the international level, the Intergovernmental Panel on Climate Change (IPCC) concluded in 1995 that 'the balance of evidence suggests there is a discernable human influence on global climate'. Experts from PICs have worked with the IPCC on the regional assessments for the Second Assessment Report and made important contributions to the Third Assessment Report.

The IPCC Second Assessment Report concluded that global surface temperatures increased by 0.4–0.6°C during the 20th century and would increase by 1–3.5°C between 1990 and 2100. The report also concluded that between 1990 and 2100 global average sea level would rise by between 0.13 and 0.94 metres. It also noted that more El Niño's occurred after 1975 than before.

The IPCC Third Assessment Report concluded that, based on the full range of 35 climate-change scenarios published in a special report on emission scenarios, known as SRES scenarios, the globally averaged surface temperature was projected to increase by

1.4 to 5.8°C in the 1990 to 2100 period. The higher projected temperatures, compared with those in the second report, were due to the lower projected sulfur dioxide emissions in SRES scenarios relative to the other scenarios. Based on observations in the Pacific Islands region 'east of about 160°E and south of the equator, surface air temperatures have increased by between 0.3 and 0.8°C during the twentieth century, with the greatest increase in the zone southwest of the South Pacific Convergence Zone (SPCZ), which runs from Solomon Islands southwest to Cook Islands'.

The rate of global average sea-level rise during the 20th century, based on tide-gauge data, is in the range 1.0 to 2.0mm/yr, with a central value of 1.5mm/yr. (As with other ranges of uncertainty, it is not implied that the central value is the best estimate.) The average rate of sea-level rise has been larger during the 20th century than the 19th century (based on very long tide-gauge records), but no significant acceleration in the rate of sea-level rise during the 20th century has been detected, although decadal variability in extreme sea levels has been detected with no evidence of widespread increases in extremes other than that associated with a change in the mean.

The IPCC third report concludes that 'it is very likely that 20th century warming has contributed significantly to the observed sea level rise, through thermal expansion of sea water and widespread loss of land ice'. However, an estimated rate of sea-level rise from anthropogenic climate change from 1910 to 1990 (from modelling studies of thermal expansion, glaciers and ice sheets) ranges from 0.3 to 0.8mm/yr. This rate of sea-level rise is less than that based on observations in the Pacific Islands region where sea levels in the tropical Pacific have risen by approximately 2mm, but trends in short sea-level records in the tropical Pacific are complicated by El Niño and La Niña events.

Evidence from the analysis of annual temperature and precipitation by country derived from the Climatic Research Unit, University of East Anglia, indicates that climate variability is more pronounced in small island developing states than in comparable locations of the continental areas. Thus PICs are likely to experience greater variability in ocean-atmosphere conditions, which would make it difficult to respond to its adverse effects.

Regionally, there have been numerous studies and conferences on climate change, climate variability and sea-level rise. There are a number of significant scientific findings of particular importance to the region, which are as pertinent today as they were five years ago. These include:

- Impacts of climate change and climate variability are possibly the most critical environmental issue facing PICs;
- Regional surface temperatures have increased by 0.5–0.8°C during the 20th century, with less warming in the north, and greatest warming in the south-west of the region. Since the mid-1970s, it has become wetter in the north-east, and drier in the south-west;

- Results for the Pacific region from global climate modelling indicate future warming rates would be likely to be similar to or higher than the projected global warming rate. Rainfall changes are less certain but the majority of general circulation models show increased rainfall in the north-east of the region. There are some results indicating more frequent El Niño-like conditions and more intense tropical cyclones;
- Observations and some studies indicated a rise in global sea level of 1 to 2mm per year in the 20th century. Available evidence suggests that the rate of sea-level rise in the Pacific region is greater than the global average, although this rate is complicated by the influence of El Niño and La Niña;
- Some studies suggest movements of land levels can be of the same order of magnitude as that of sea-level change and can vary among individual islands, complicating local effects of sea-level changes;
- In the past 100 years, global sea level has risen by about 10 to 25cm, based on analyses of tide-gauge records. A major source of uncertainty in estimating the rate of rise is the influence of vertical land movements, which are included in sea-level measurements made by tide gauges.
- Climate and sea level variability are linked with the well-documented El Niño-Southern Oscillation (ENSO) phenomenon, but there is new evidence emerging of an ocean basin-wide Interdecadal Pacific Oscillation (IPO), which contributes to decadal climate variability;
- Measurements from space are critical, to combine with long-term tide gauges, for the determination and prediction of absolute and relative sea-level rise (seasonal, ENSO and secular) along with the associated land motion in the Pacific region;
- Although climate and sea-level variations have the most immediate and direct impact on atoll countries, they also can have profound impacts on virtually all PICs in areas such as health, agriculture, fisheries, coastal ecosystems and damage to infrastructure;
- Recent scientific observations indicate that the upper 1,000m of the Pacific Ocean are warming, resulting in thermal expansion equivalent to a rate of about 1mm per year sea-level rise, and, from this contribution sea-level rise will accelerate;
- Droughts, tropical cyclones and other extreme climate events cause large impacts on PICs and these are strongly influenced by ENSO events which can be forecast;
- Vital to the continued progress in understanding and adapting to climate and sea-level change and variability is the maintenance and enhancement of atmospheric, oceanographic and geodetic monitoring systems to ensure climate records reach agreed international standards.

Impacts of climate change and vulnerability

As with other small island states of the Caribbean and Indian Ocean regions, the PICs display a great deal of diversity in their attributes; they can be single islands or groups of

islands; they differ in geologic type, size, elevation, soil composition, drainage characteristics, natural resources and can have barrier islands, continental islands, coral/atoll islands, volcanic islands, and islands of mixed type ranging in altitudinal elevation of less than one metre (eg., Tuvalu) to more than 4,500m (eg., Papua New Guinea). Social, cultural and economic settings vary with different levels of development. Human communities range from large, densely populated cities to small villages and dispersed populations. Some islands have large commercial or industrial centres and others have extensive agriculture and infrastructure. In others, infrastructure, including health infrastructure, is poorly developed.

One of the major environmental challenges facing the Pacific region today is that of climate change, increased climate variability and extremes. Widespread implications are predicted for agriculture, water resources, fisheries, forestry and human health, as well as social, economic and political systems. Projections include a decrease in crop yields, exacerbation of desertification and a possible increase in vector-borne and waterborne diseases. The projected sea-level rise of 50cm in the next 100 years could cause enhanced coastal erosion, loss of land and property, dislocation of people and increased risk from storm surges and wind damage.

The PICs view climate change and sea-level rise and their consequent negative impacts on biophysical and human systems as posing serious threats to their livelihoods and long-term survival. They have been critical of industrial nations for failing to take definitive steps towards reduction of their greenhouse gas emissions. They argue that despite a firm commitment at the UN Conference on Environment and Development in 1992 and at subsequent meetings, and at annual meetings of the Conference of the Parties to the UN Framework Convention on Climate Change, there has been very little progress towards reduction of greenhouse gases by industrialised countries.

PICs are particularly vulnerable to these changes and, given their limited adaptive capacity, anxiety has reached the highest echelons of government, including Pacific Islands Forum Leaders' meetings. With the Pacific's unique combination of geographical, biological, sociological and economic characteristics, which can be found nowhere else in the world, the effects of climate change and extreme events are threatening the very existence of these vulnerable ecosystems and people.

Global climate change, climate variability and sea-level rise are already damaging coral reefs, altering the distribution of zones of upwelling and affecting subsistence and commercial fisheries production. The increased frequency and intensity of storm events have had profound effects on the economies and the environments of the PICs and the survival of small and low-lying islands and coastal countries are threatened. Most studies so far have indicated that these effects will be exacerbated by climate change in the long term and could seriously affect the ability of the PICs to cope with or adapt to them.

Reviews of previous assessments of vulnerability and adaptation to climate change, climate variability and sea-level rise have highlighted the following:

- Climate variability, development and social changes and the rapid population growth being experienced by most PICs are already placing pressure on sensitive environmental and human systems and these impacts will be exacerbated if the anticipated changes in climate and sea level (including extreme events) did materialise;
- The future health and productivity of coral reef and mangrove ecosystems will have a significant influence on the wellbeing of many PICs — the anticipated detrimental effects on coral reefs arising from higher sea surface temperatures and CO₂ levels will be worsened by the degraded nature of these ecosystems;
- Land-use changes, including settlement and use of marginal lands for agriculture, are decreasing the natural resilience of environmental systems and hence their ability to accommodate the additional stresses arising from changes in climate and sea level;
- Given the limited area and low elevation of inhabitable lands, the most direct and severe effects of climate and sea-level changes will be increasing risks of coastal erosion, flooding and inundation; these effects are exacerbated by the combination of seasonal storms, high tides and storm surges;
- Other direct consequences of anticipated climate and sea-level changes will likely include: reduction in subsistence and commercial agriculture production of crops such as taro and coconut, decreased security of potable and other water supplies, increased risk of dengue fever, malaria, cholera and diarrhoeal diseases, and decreased human comfort;
- Ground water resources of the lowlands of high islands and atolls might be affected by flooding and inundation from sea-level rise, water catchments of smaller, low-lying islands will be at risk from any changes in the frequency of extreme events;
- Climate and related oceanic variations already have had significant impacts on fish catches, subsistence and commercial; anticipated changes in climate and ocean conditions will reduce the security of this resource;
- The overall impacts of changes in climate and sea level will likely be cumulative and determined by the interactions and synergies between the stresses and their effects.

An ensemble of seasonal climate change scenarios for small islands for the 2050s and 2080s (IPCC 2001) show that temperature increase is projected for all the regions and all seasons. Projected warming over the Mediterranean and the Caribbean Sea areas is higher during the Northern hemisphere (NH) winter for both time periods, while warming in the other two regions exhibits different seasonal patterns for the 2050s and 2080s. For the 2080s, small island developing states in the Mediterranean Sea are projected to experience the highest warming, with surface air temperature rising by 3.9°C and 4.5°C for December–February and June–August, respectively.

Projections show a dominantly increased pattern in seasonal rainfall for the four small island regions, with the islands in the Mediterranean Sea getting the most increase in rainfall in the NH winter (16 per cent higher than the 1961–1990 average level for the 2080s). The largest decline in seasonal rainfall is projected for the Caribbean Sea, with a reduction of NH summer rainfall of nearly 20 per cent.

These projected changes in seasonal climatologies are likely to aggravate the current climate-related stresses in various small island states. Higher temperatures still are expected to adversely affect the health of some island inhabitants who are already experiencing heat waves, and their associated increased outbreaks of vector-borne diseases; and will also affect important marine species such as coral reefs. Changes in seasonal rainfall patterns might manifest in the form of increased frequency and intensity of droughts and floods for many of the already troubled small island states.

Responding to climate change, climate variability and sea-level rise

The small island developing states of the world formed an Alliance of Small Island States during the Second World Climate Conference in 1990 and played a central role in shaping international policy on climate change in the past 15 years. The alliance has always pushed for industrialised countries to begin meaningful reductions of greenhouse gas emissions without further delay. Without meaningful reductions, many alliance countries will be unable to sustain themselves in the longer term, and they will be rendered uninhabitable because of sea-level rise.

The Barbados Programme of Action further recognised the special situation of the small island developing states and their vulnerability to global climate change, climate variability and sea-level rise. The Barbados programme provides for international support to small island states across a number of sectors to assist them in adapting to climate change. The 22nd Special Session of the UN General Assembly reaffirmed the commitment of the international community to the Barbados Programme and sought to accelerate programmes of assistance.

Since 1990, considerable effort has been made in PICs to: (i) raise awareness of climate change; (ii) participate in research and systematic observation; (iii) develop methodologies for vulnerability assessment; (iv) monitor climate and sea-level rise; and (iv) strengthen national capacity to understand the science, impacts of and responses to climate change and sea-level rise. These efforts have involved environmental officials, planners, meteorologists and the general public.

Since the entry into force of the UN Framework Convention on Climate Change (UNFCCC), 10 years ago, to which 14 PICs are parties, significant progress has been made in the elaboration and definition of responsibilities and commitments. This gave rise to the adoption of the Kyoto Protocol, which is designed to limit the growth of emissions of greenhouse gases in developed countries. However, with the entry into force of the Kyoto Protocol on 16 February 2005, the responsibilities and commitments of the parties will become stronger.

In preparation for the 10-year review of the Barbados Programme, the PICs noted that the vulnerabilities have increased in the past decade. In a globalised world, the situation of PICs remains one of extreme exposure and growing vulnerability with an increasing inability to cope or adapt to these situations.

Given the growing number of reporting requirements under various multilateral environmental agreements, PICs called for simplified reporting procedures and harmonisation of reporting requirements. PICs continue to strongly reaffirm their deep concern in regard to the impacts of climate change, climate variability, sea-level rise and extreme weather events as an impediment to sustainable development. They urged the international community to support the implementation of the Regional Framework for Climate Change, Climate Variability and Sea-Level Rise.

In the past decade, PICs have continually urged the international community to reduce greenhouse gas emissions, however, global emissions continue to grow. While the Kyoto Protocol is a first step towards cutting back on these emission trends, the targets contained in the protocol are considered to be inadequate to fully meet the objectives of the UN framework.

Given their vulnerability, the PICs need to improve their understanding of and strengthen their capacities to respond to human-induced climate change, natural climate variability and sea-level rise. This has been reflected in their national communications in numerous statements by the region's leaders and it continues to be a priority for PICs at all levels.

In response, support has been received from the international community to assist the region with programmes of research, technical studies, capacity building, planning and the development of policy relevant advice. PICs have also committed significant resources of their own to address problems of climate change, variability and sea-level rise.

Despite support from the international community in helping the PICs to understand the impacts of changes in climate, PICs have identified many critical areas where better understanding and response interventions are necessary. The reports of the regional technical meetings, activities, programmes and projects on climate change in the region form a necessary point of reference since they contain a wide range of actions that are required in pursuit of sustainable development.

Climate change and development in the Pacific Islands

There has been growing support from the international and donor community for the concern of PICs that climate change, climate variability and sea-level rise continue to pose a major threat to the sustainable development and, even, the survival of a number of these countries. Some donors have stressed the importance of renewable energy initiatives, and have offered to share their experiences and expertise in this regard.

At a recent meeting on the Barbados Programme 10-year review preparations, it was noted that the vulnerability of PICs might be even higher now than 10 years ago because of threats from natural disasters. In addition, the important work of relief organ-

isations such as the Red Cross and Red Crescent Societies was recognised, noting that such organisations can give immediate help on the spot to help defend small island states against vulnerabilities and disasters. The targets and goals of the UN Millennium Declaration are considered as providing a broader framework for addressing sustainable development.

A number of needs and priorities will have to be overcome and implemented by PICs in the next few decades in order to enhance their adaptive capacity to respond effectively to and mitigate the effects of climate change in a sustainable manner. The following are key priorities that have been identified in the past decade through various climate change-related processes: the need for enhancing effective participation and contribution to research and systematic observation; improving policy development relating to climate change, climate variability and sea-level rise; capacity building; education, training and public awareness; better understanding of climate change impacts and vulnerabilities; developing adaptation options, strategies and measures; and mobilising resources to implement policies and measures.

Research and systematic observation

Climate change, climate variability and sea-level rise, being global concerns, now have a well-developed international support infrastructure that ensures international planning and coordination of scientific programmes and exchange of scientific information.

Of particular relevance is the work of a number of international and regional agencies such as the World Meteorological Organisation, the Intergovernmental Oceanographic Commission of UNESCO, the UN Environment Programme (UNEP) and the International Council for Science, FAO, and all of the Council of Regional Organisations in the Pacific (CROP) agencies. These organisations have put in place programmes under the Climate Agenda, including the World Weather Watch, the World Climate Program, the Integrated Global Observing Strategy, the Global Climate Observing System, the Global Ocean Observing System and the Global Terrestrial Observing System.

Climate observations from the PICs region are of utmost importance to the understanding of the physical dynamics of the Pacific Ocean atmosphere. The existing network of island-based climate observations has deteriorated in quantity and quality to a point where data are insufficient to conduct even the most basic trend analyses. The importance of climate observations was recognised by the UNFCCC and, since 1998, it has urged parties to undertake programs of systematic observations and to strengthen their capabilities in the collection, exchange and utilisation of environmental data and information.

In response to the UNFCCC, a Pacific Islands Global Climate Observing System Regional Action Plan was developed to address priority needs for a climate observation system for the region that included atmospheric observations, oceanographic and terrestrial components. The action plan includes a detailed implementation plan addressing strategies that support development activities. The

system is led by an officer based at the South Pacific Regional Environment Programme and the Pacific Islands Global Climate Observing System Implementation Team, which facilitates the implementation of the system's development and its sustainability within the region.

The Pacific is well served in these activities through regional counterparts in the Regional Environment Programme, the Forum Secretariat, the South Pacific Geosciences Commission, the Secretariat for the Pacific Community, the University of the South Pacific, the University of Guam, the Forum Fisheries Agency, the Pacific Islands Development Program, the University of Papua New Guinea, the World Meteorological Organisation Sub-Regional Office in Apia and the Intergovernmental Oceanographic Commission office in Perth, Australia.

Policy initiatives on climate change, climate variability and sea-level rise

At the international level, PICs, as members of the Alliance of Small Island States, have actively participated in and made contributions to the negotiating processes on the UNFCCC and the Kyoto Protocol. As far as policy development is concerned, climate policies are still in their developmental stages, although some countries developed initial policies when they undertook the National Environmental Management Strategies in 1992 and the national communications under the UNFCCC in 1999.

The preparation of national communications under the UNFCCC by PICs through the Pacific Islands Climate Change Assistance Programme has catalysed efforts to implement the UNFCCC, particularly in terms of developing policy response options and measures to climate change, climate variability and sea-level rise. National communication is an important strategic tool that will assist countries to align their needs and priorities. It will also provide for:

- Highlighting and disseminating the specific needs and concerns of the PICs;
- Strengthening participation by all stakeholders, nationally and locally;
- Involving those stakeholders in a long-term consultative process to develop relevant policies;
- The development and strengthening of sector policies as they relate to climate change, climate variability and sea-level rise;
- The development and strengthening of national policies on climate change, climate variability and sea-level rise as they relate to the negotiation process of the UNFCCC.

In the context of the 2002 World Summit on Sustainable Development, a number of voluntary, multi-stakeholder partnerships for sustainable development have been initiated to contribute to the implementation of the intergovernmental agreements in Agenda 21, the Programme for the Further Implementation of Agenda 21 and the Johannesburg Plan of Implementation. In the PICs region, a number of World Summit Type II initiatives on climate change, climate variability and sea-level rise have been initiated. These initiatives include:

- *Pacific Islands Energy for Sustainable Development* to increase the availability of adequate, affordable and environmentally-sound energy for the sustainable devel-

opment of all Pacific Islanders and to accelerate the transfer and adoption of clean and renewable energy technologies.

- *South Pacific Vulnerability and Adaptation Initiative* to enable Pacific Island countries to adapt to the future impact of climate change, climate variability and sea-level rise, and to strengthen regional collaboration between relevant multilateral and regional technical agencies and other bilateral donors, and to enlist the support of key government, community and private stakeholders.
- *Developing capacities to reduce vulnerability to natural disasters* by providing technical assistance and building the capacities of small island developing states for the integration of comprehensive risk-management including disaster prevention, mitigation and preparedness into sustainable development planning and help relieve the consequences of disasters, extreme weather events and other emergencies.
- *Capacity building in small island developing states to manage vulnerability and develop resilience, particularly to disasters* by providing technical assistance and building the capacities of small states to manage vulnerability and build their resilience through integration of a comprehensive hazard and risk-management approach into sustainable development planning.
- *Enhanced application of climate prediction in PICs project* to enhance climate prediction capability, and strengthening and comprehension of climate prediction needs of national meteorological services.

In addition to the initiatives indicated above, the South Pacific sea level and climate monitoring project was initiated in 1991 in response to PICs concerns about climate change, climate variability and sea-level rise. The project is aimed at assembling an archive of sea level and related climate data that provides information about sea-level variability and change in the region. The project provides information for sustainable development of the near-shore and coastal resources, and to develop policies and strategies relevant for responding to long-term trends. The project also provides capacity building and training to develop the capability within national and regional counterpart PICs agencies to collect, manage and disseminate data and information about sea-level changes. The project currently manages 12 Seaframe tide gauges in 12 PICs.

Development issues, concerns and priorities

One of the main concerns of development in the PICs is the general lack of expertise and capabilities that are required to effectively implement activities and policies relating to the implementation of the UNFCCC and other multilateral environmental agreements. Thus, capacity building should enable implementation and coordination of national priority needs and human resource requirements and should be ensured by a programmatic approach rather than a project-by-project basis.

Capacity building

Under the UNFCCC, capacity building has been identified as critical for the implementation of the convention. As part of the Marrakech Accords, the following initial scope of

needs and areas for capacity building in developing countries was identified, which are pertinent to PICs:

1. Institutional capacity building, including the strengthening or establishment, as appropriate, of national climate change secretariats or national focal points;
2. Enhancement and/or creation of an enabling environment;
3. National communications;
4. National climate change programmes;
5. Greenhouse gas inventories. This could include development of PIC-specific emission factors for all source/sink categories and strengthening of institutional, legal, administrative and financial systems development of activity data;
6. Vulnerability and adaptation assessment;
7. Capacity building for implementation of adaptation measures;
8. Assessment for implementation of mitigation options;
9. Research and systematic observation, including meteorological, hydrological and climatological services;
10. Development and transfer of technology;
11. Improved decision-making, including assistance for participation in international negotiations;
12. Clean development mechanism;
13. Needs arising out of the implementation of Article 4, paragraphs 8 and 9, of the Convention;
14. Education, training and public awareness;
15. Information and networking, including the establishment of databases.

The UNFCCC process also recognised the specific capacity building needs for the least-developed countries, and that the small island developing states among them had the least capacity to cope with and adapt to the adverse effects of climate change. The needs and priority areas for capacity building in these countries include:

1. Strengthening existing and, where needed, establishing national climate change secretariats or focal points to enable the effective implementation of the convention and effective participation in the Kyoto Protocol process, including preparation of national communications;
2. Developing an integrated implementation programme that takes into account the role of research and training in capacity building;
3. Developing and enhancing technical capacities and skills to carry out and effectively integrate vulnerability and adaptation assessments into sustainable development programmes and developing national adaptation programmes of action;
4. Strengthening existing and, where needed, establishing national research and training institutions in order to ensure the sustainability of the capacity-building programmes;
5. Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;

6. Enhancing public awareness (level of understanding and human capacity development).

Understanding the climate system and sea-level rise

Understanding the climate system is fundamental to sustainable development in the PICs region. To inform local and regional responses to climate change, climate variability and sea-level rise, it will be essential to strengthen the analytical capacity of relevant national and regional institutions such as the national meteorological services to collect, exchange and utilise data and information needed for preparing daily weather forecasting, seasonal climate predictions and longer term climate change scenarios. Improvements in the analytical capacity of meteorological services will enable an increased focus on regional variability and changes, particularly extreme weather and climate events as well as on a series of activities for better understanding of the impacts of climate change on extreme events, in particular, the frequency and severity of tropical cyclones, occurrences of ENSO events, and trends in heavy rain.

As sea-level rise and sea-level variability is of major concern to PICs, the maintenance of existing observational networks and the strategic placement of future facilities, improved techniques for detecting relative and absolute sea-level rise and improved models will greatly assist with the formulation of response measures. Some of the specific actions required include: a need for continuous monitoring of sea level and characterisation of the impacts of sea-level rise and storm surges; support for the maintenance of meteorological equipment to ensure collection of reliable data at the national level; use of satellite/remote sensing techniques in climate data applications with in-situ monitoring; establishment of a regional sea-level database in the Pacific; and improvement of partnerships with global observing systems.

Education, training and public awareness

As part of their obligations and national programmes to implement the UNFCCC, the PICs will seek to promote education, training and public awareness about climate change and its impacts on biophysical and human systems. Some of the specific actions will include efforts to cooperate in, promote, facilitate, develop and implement education and training programmes focused on climate change, targeting youth in particular, and including the exchange or secondment of personnel to train experts for scientific, technical and managerial personnel at the national and, as appropriate, sub-regional, regional and international levels; and report in their national communications on their accomplishments, lessons learned, experiences gained and remaining gaps and barriers observed.

Impacts and vulnerability

PICs are continuing to experience the impacts of a changing and variable climate system and related sea-level rise and variability. Collaboration between the PICs and regional organisations needs to be strengthened and maintained.

Some of the specific actions include the provision of appropriate training of national experts in the science of climate change and sea-level rise, forecasting and warning for droughts, floods and tropical cyclones, particularly related to the ENSO phenomenon; better coordination of regional and international efforts to disseminate information on impacts of climate change, climate variability and sea-level rise; and the development of new frameworks for analysing impacts and vulnerability that integrate science and local needs, in particular those that will assist with the characterisation of vulnerability to climate change, climate variability and sea-level rise on Pacific Island communities, and to integrate risk-management into sustainable development planning and in development strategies of key sectors including agriculture, tourism and fisheries.

Adaptation to climate change

The Delhi Ministerial Declaration on Climate Change and Sustainable Development at the eighth session of the UNFCCC's Conference of Parties states that it is 'deeply concerned that all countries, particularly developing countries, including the least developed countries and small island developing states, face an increased risk of the negative impacts of climate change'. Adaptation to the adverse effects of climate change is a high priority for all countries. Developing countries are particularly vulnerable. -Adaptation requires urgent attention and action on the part of all countries.

Within current technical, institutional, technological and financial capacities, PICs have been identifying a wide range of adaptation measures in different sectors. In order to ensure the optimal use of the resources available to enhance the adaptive capacity of the most vulnerable groups/sectors, it is pertinent to identify financial, technical, institutional and technological gaps in the adaptive capacity of the PICs.

Priority actions on impacts, vulnerability and adaptation

Vulnerability and adaptation assessments in the PICs in the context of the preparation of initial national communications focused on specific sectors, such as agriculture, water resources, coastal systems, human health and fisheries. The assessments showed that climate variability, development and social changes, and the rapid population growth being experienced by most PICs, are already placing pressure on sensitive environmental and human systems. The adverse impacts arising from these sources of stress would be exacerbated by climate change, climate variability and sea-level rise. The following actions and interventions would be necessary:

- Protection and rehabilitation of coral reef and mangrove ecosystems, and degraded ecosystems;
- Protection of marginal lands and protection and management of potable ground water resources,
- Breeding and introduction of salt-tolerant root crops, and drought-resistant cultivars and crops;
- Improved soil and water conservation practices in drought and flood-prone areas;

- Intercropping and increased diversity of crops, diversifying subsistence crops, promoting agroforestry, encouraging sustainable practices and developing economic opportunities;
- Increasing quarantine surveillance against introduced and invasive species;
- Coastal integrated catchment and management planning to increase the resilience of coastal systems, foreshore protection measures including revegetation and establishment of setback zones;
- Preventing the discharge of pollutants in coastal and marine areas as a priority measure to enhance the resilience of coastal and marine ecosystems;
- Measures to control aggregate removal for construction and other uses to help reduce erosion;
- Development of contingency plans for resettlement of populations, emergency and recovery plans;
- Public awareness programmes related to malaria, dengue fever and other diseases as an essential, low-cost method for reducing the public health risk;
- Improving management and maintenance of existing water supply systems;
- Catchment protection and conservation;
- Developing drought and flood preparedness strategies;
- Increasing water storage capacity through the increased use of water tanks and/or the construction of small dams;
- Measures to protect ground-water resources, including those that limit pollution and the potential for salt-water intrusion;
- Measures to 'cyclone-proof' houses and other buildings, such as through structural design and choice of construction materials;
- Conservation of biodiversity;
- The introduction and enforcement of appropriate legislation and policies for the conservation and sustainable use of living resources;
- Assessing and strengthening the adaptive capacity of institutional, political, financial, cultural and other human factors that influence the ability of systems to cope with, or adjust to, climate change;
- Incorporating climate change and sea-level rise considerations into new development proposals;
- Improving ability to communicate assessment findings to politicians, government officials and leaders in industry and commerce;
- Improving the assessment methodologies and making them more applicable to the needs and circumstances of PICs and initiatives that will improve the comprehensiveness, relevance and accessibility of data and other information required in the assessment processes;
- Enhancing the methods for identifying, characterising, evaluating and prioritising adaptation strategies to help ensure a more effective linkage between identified vulnerabilities and proposed adaptation measures;
- Mainstreaming or integration of climate change adaptation into all levels of decision-making processes and financial planning;

- Targeted training in a range of adaptation techniques, including impact assessment, risk-management and the integration of these techniques within national development planning and the wider community;
- Information support to communities, the private sector and government through education and awareness programmes, the dissemination of case studies and summaries for policy-makers. The use of print, radio, visual and web-based media;
- Institutional strengthening of relevant government ministries, such as national planning, finance and environment, cabinet and ministerial committees, as well as local organisations and community groups involved in vulnerability assessment and adaptation.

A number of policy responses, under specific sectors, which are of particular importance to the PICs include formulation of integrated coastal zone management plans; development of renewable energy technologies for energy conservation, efficiency, sustainable development and mitigation of climate change; identification of high risk areas; improved management of water resources; sustainable management of marine ecosystems and resources; strengthening of national disaster and emergency management units; better understanding of the impacts of climate change on the health sector; conservation of forests and catchments; management of waste disposal and pollution prevention.

Priorities for implementation

During the period since the entry into force of the UNFCCC, the Climate Change Country Team approach was used by PICs to undertake technical studies and policy development in the context of climate change, climate variability and sea-level rise. In addition, access to information required for technical studies and held in different archives throughout government agencies has been well coordinated through these country teams. The multi-sectoral nature of the teams and sub-committees has also facilitated the identification of priorities and the development of climate policies in relation to key sectors. Such initiatives will require strengthening and institutionalisation. There is also scope for further cooperation with small island developing states experts in other regions, as well as with technical and financial support available through the UN.

The PICs recognise that the effective implementation of the action programmes will depend on the commitment of the national governments to provide financial, technical and other resources. So far, substantial support has been provided to implement some of the programmes, in partnership with regional organisations, multilateral or bilateral partners.

Given the magnitude and the global nature of the issues involved and the activities required to be undertaken, the resources of PICs alone are insufficient. Therefore, further consultations will be undertaken bilaterally and through appropriate institutions to establish financing partnerships.

The first priority in this regard will be to secure funds for the preparation of second national communications, national adaptation programmes of action under the

UNFCCC and the national self-assessment for implementing the UNCED Conventions — the UNFCCC, the Convention on Biological Diversity and the UN Convention to Combat Desertification (UNCCD). Most of these activities will be funded through the Global Environment Facility (GEF) Enabling Activity Programme, with some support from bilateral partners. These funds will be used by the country teams for particularly important tasks as identified by the individual countries, and in fulfilment of their commitments. A second priority will be to develop strategies and mechanisms for the integration of such activities into national planning processes. A further priority will be to develop the international dimension of the work wherein information flows to the international community and responses to needs arising could be facilitated through the UN, in particular UN Department of Economic and Social Affairs, the UN Development Programme, the UNEP, the World Meteorological Organisation, GEF and CROP agencies.

The GEF Trust Fund has provided the bulk of funding through its climate change focal area for the preparation of national communications from PICs and for funding of the Pacific Islands Renewable Energy Project (PIREP). In addition, a set of new funds has been created under the UNFCCC to assist with the preparation and implementation of projects and activities relating to adaptation, mitigation, technology transfer and related capacity building. The funds established are:

- *GEF Trust Fund* — funding for 12 operational programmes ranging from mitigation of climate change to integrated ecosystem management. In addition, the GEF has made available \$US50 million for the period 2005–07 to pilot the strategic approach to funding adaptation.
- *Special Climate Change Fund* — for funding adaptation, mitigation (projects that are complementary to those funded under the GEF Trust Fund), technology transfer and economic diversification.
- *Least-Developed Countries Fund* — for funding the preparation and implementation of the national adaptation programmes of action for least-developed countries.
- *Kyoto Protocol Fund or Adaptation Fund* — for funding adaptation activities from proceeds of the Clean Development Mechanism of the Kyoto Protocol, and voluntary contributions from developed-country parties. This fund will become operational only after entry into force of the Kyoto Protocol.

Conclusion

There is a need to focus on the continued improvement of technical studies and policy development as science-based understanding increases, and as their interrelationships and complexities become clearer. Effort should not focus solely on studies, but rather on the end point or implementation of the developed policies and plans, and on identifying the ways and means to ensure that these efforts are harmonised and mainstreamed with each PIC's National Development Plans. Linking scientific analysis carefully to downstream social and economic consequences will be vital.

Understanding climate change, climate variability and sea-level rise at the local and national levels will be critical as will the development of appropriate methods and

technology, the use and integration of traditional knowledge and the communication of science in ways that can be understood and used by Pacific Island policy-makers and their people.

Part Three

A DEVELOPING PACIFIC COMMUNITY

Pacific Island Regionalism: How firm the foundations for future cooperation?

Richard Herr

THE TEST FOR REGIONALISM has always been somewhat problematic in the case of the Pacific Islands.¹ A large collection of very small states and territories, widely dispersed geographically with limited resources and limited capacities, scarcely fits the theoretical models for effective, institutionalised cooperation. Typically, regionalism is viewed in terms of efficiencies such as economies of scale for common markets, the greater strength of alliances for security or heightened moral authority in promoting decolonisation. Yet the long record, durability and varied extent of regional cooperation among the Pacific Islands stands out as a rare example of apparent success among the developing economies across the globe. Formal regional structures have existed since 1947 and span virtually all sectors in the public domain, from arts and culture to economics and security. During this time, whatever questions have been put as to the utility and purposes of regionalism have generally been answered in the affirmative, that is, in favour of multilateralism among the Pacific Island polities. This is not to say that Pacific Island regionalism has travelled a pothole-free road to success. Queries have been raised and some of these remain as the states of the region assess the role that regionalism is likely to play in the challenges of the 21st century. However, the more important questions are probably those that have existed at the margins of consciousness or, perhaps, have not been considered even darkly. One important and fundamental area of concern has been the issue of regional capacity.

The concept of regional capacity has tended to be overlooked in analyses of South Pacific regionalism, although issues relevant to this line of inquiry have been addressed in cost-benefit assessments. Essentially, regional capacity refers to the efficiency and effectiveness by which individual state inputs are converted into collective, regional outputs. The mechanisms for this conversion can vary from harmonisation of policies, through

non-institutionalised regimes to formal intergovernmental organisations (IGOs). Significantly, the creation of regional capacity in the Pacific Islands has been associated primarily with IGOs from the outset. Whether this will remain the case in the future for Pacific Island regionalism appears to depend partially on island perceptions that past advantages will continue to be forthcoming. Equally, the non-island producers of regional capacity in the South Pacific apparently will have to find sufficient benefit for themselves if they are to maintain their support for the regional system. Thus, in order to understand the prospects for Pacific Island regionalism, it is useful to consider its evolution and adaptation to the changing demand for regional capacity over the years.

Assessing the achievements of the Pacific Islands regional system in terms of its objectives for the consumers and producers of regional capacity is no easy task. These categories cannot be regarded as mutually exclusive. No country is only a producer of regional capacity and none is only a consumer. Even the smallest member of the Pacific Islands regional community contributes something to producing regional capacity. And even the largest or most remote non-island participant consumes some of the output of regional capacity. The difficulty with any assessment of the Pacific Islands regional system is determining the cost-benefit ratio between net producers and net consumers of regional capacity. Regrettably, too often this has been calculated primarily in dollar values for the islands and in security values for the participating countries outside the region. This simplistic method of calculating who produces regional capacity and who consumes it misses the point of why anyone makes the effort at all or the complexity of motives that have made this system one of the most durable and elaborate of any outside Europe. The more sophisticated task involves something of a historical detective investigation to determine the 'who', 'what', 'where', 'when' and 'why' of regional capacity in the South Pacific.

This chapter reviews intergovernmental regionalism in the South Pacific in the past six decades to assess the resilience of the Pacific Islands' regional capacity. It is this robustness — defined in terms of diversity, longevity and the range of issues covered — that will assist the region to meet new international challenges. A key aspect of reforms such as the 'Pacific Plan' is the role regional institutions will play in assisting the Pacific Island countries (PICs) to cope with heightened global expectations in the exercise of sovereignty. If the limited state capacities of the smaller or weaker PICs make them essentially consumers rather than producers of regional benefits, it is reasonable to reflect on who are the producers and what benefits they derive from helping to create collective benefits for other members of the regional association. The development of the current regional system demonstrates some variations in the commitment to regional cooperation but its survival and elaboration, even in the post-Cold War era, reveal support from all quarters. Understanding the bases for the robustness of Pacific Island regionalism helps to give a clearer guide to its flexibility and adaptability for meeting future needs.

When and where? The origins and boundaries of regional capacity

The origins of the contemporary regional system date from the ANZAC Pact of 1944 when Australia and New Zealand made a *démarche* on postwar reconstruction and order in

the Pacific Islands after being ignored in the general Allied Powers discussions. A South Seas Regional Conference was convened in 1947 to progress the ANZAC agenda and six colonial powers agreed to set up an arrangement to secure the more effective administration of their Pacific Islands territories.² The establishment of the South Pacific Commission (SPC) (renamed the Pacific Community in 1998) as a formal IGO was the result. This initial decision for international cooperation in the Pacific Islands was significant because it defined the 'where' of the region. It has become conventional wisdom to view the SPC as a child of the colonial era and so tainted by decisions for the region but not by the region. The colonial context was unequivocally a principal factor in deciding on the boundaries of the region, that is, the limits of what was inside the region and what was outside. The consumers were inside the region, as it was defined, and the producers outside.

It is unusual but not unique for a regional organisation to be established entirely by 'outsiders'. Although no Pacific Islanders had a direct part in identifying the geographic limits of the region, the SPC's work programme ambit has been one of the most enduring and intractable features of Pacific Island regionalism. There has been virtually no change in the scope of the region as identified in 1947 by the colonial powers.³ This attachment to the ambit of the SPC is remarkable because it was the central issue for the members of the South Pacific Forum (the Pacific Islands Forum since 1998) in the single regional organisation dispute from 1976 to 1988. The forum members wanted and expected, if successful, to have the independent states of the forum determine regional policy across the entire breadth of the SPC region. There never appeared to be a question that the forum members would redefine the reach of their regional capacity to the much more limited scope of their own membership. Thus, whatever taint attached to the colonial origins of the SPC as an organisation, it is clear that there was no dispute about its identification of the authentic region. This agreement is one of the key contributions the islands have made, and continue to make, to regional capacity.

Whose regional capacity?

The 1947 Canberra Agreement, which established the SPC, made a clear demarcation between the producers and consumers of regional capacity.⁴ The commission was composed of representatives of the six colonial powers who had complete control of the SPC's work programme and decision-making processes. They drew together national resources — technical expertise, finances and communication — and converted these into regional work programme outputs. The Pacific Island territories were the consumers of the output. Despite establishing a triennial meeting of Pacific Islanders, known as the South Pacific Conference, to assist the commission, the conference had only an advisory role and even this was limited. The course of decolonisation changed matters considerably. Leaders of dependencies such as Fiji's Ratu Kamisese Mara sought to reform the SPC through the conference. Western Samoa, having achieved independence in 1962, did not want to be restricted to the conference. Western Samoa (now Samoa) secured a seat on the commission in 1965 despite fierce resistance from some metropolitan members.⁵ These two developments began to reconfigure the distinction between producers and consumers of regional capacity.

The pressure for reform of the SPC during the 1960s made the metropolitan producers of regional capacity more aware of their own interests in controlling the conversion process. The island consumers, on the other hand, became increasingly willing to contribute more to the production of regional capacity in the hope that this would entitle them to help to decide the substance of the output. The metropolitan states that linked Cold War security to their presence in the Pacific Islands most overtly — France and the United States — resisted the changes to the locally initiated changes to the SPC just as they resisted decolonisation in their territories. The leading regional states — Fiji, Western Samoa, the Cook Islands and Tonga — felt that the SPC should be ‘decolonised’ just as they had been. The consequence was a confrontation that altered the regional perceptions of who ought to be involved in regional affairs.⁶

The existence of five independent and self-governing states — Western Samoa, Cook Islands, Nauru, Tonga and Fiji — gave the islands the basis to pursue reform; if not in the SPC, then outside it. The opportunity was seized at a meeting of the Pacific Islands Producers’ Association (PIPA), a minor marketing arrangement, when these states agreed to create a political organ for the decolonised South Pacific. However, recognising their own limitations, these five Pacific Island countries adopted a somewhat imaginative approach to generating additional regional capacity. They included Australia and New Zealand in their plans. New Zealand hosted the first meeting of the South Pacific Forum in Wellington at the request of the Pacific Island states in August 1971. The next meeting (in Canberra, in February 1972) established an economic agency, the South Pacific Bureau for Economic Cooperation (SPEC) to assist the development of the Forum Island Countries (FICs).⁷

Initially, the forum seemed not to pose a direct challenge to the SPC. Indeed, all the forum members retained their membership of the commission and the conference. Nevertheless, there was a long-term aspiration for reform. The forum was not exclusively an islands association. Australia and New Zealand were members of right, but the other three SPC metropolitan powers, because of their resistance to reform of the SPC, were excluded. The membership of the forum was in effect a means of reforming the SPC by attrition. The island polities of the SPC would become eligible for forum membership as they achieved their final political status (either independence or self-government). If the winds of change swept away all colonial vestiges in the region, all the SPC islands plus Australia and New Zealand would be members of the forum. Thus, ultimately, the basic scope of the forum region would remain as that defined by the SPC but with an altered external membership.

The establishment of the forum did not initially change regional outputs much. Formally, all members shared a sovereign equality that made all simultaneously producers and consumers. In practice, the objective of reforming the SPC left a legacy. The primary immediate aims of the forum were largely developmental, as shown by the creation of the SPEC. The costs of the SPEC were divided evenly, in a corporate sense, with Australia, New Zealand and the FICs all paying one-third. This changed over time to skew the production costs much more heavily toward non-FICs (non-member donors as well as Australia and New Zealand) through project and extra-budgetary contributions. Thus, the

decision-making burden of producing regional outcomes fell more formally on the FICs through the forum and the SPEC, but financially little changed in terms of inputs. However, there was a subtle change in regional outputs that eluded Australia and New Zealand for many years. Because both were full members of the forum,⁸ the outputs of the forum's regional capacity applied as fully to the two non-FIC members as to the FICs, unless specific provision was made. This had real significance when fisheries regulation and security were addressed in later years. Thus, the forum's creation redefined responsibility for regional capacity but not so much the inputs or objectives, at least for a time.

Regional capacity for what?

The SPEC was an OECD-type economic advisory body to the forum and the SPC's secretariat was a technical advisory body to the South Pacific Commission. Neither was really an aid-delivery agency.⁹ Therefore, inter-agency rivalry did not appear inevitable. The SPEC's ambitions quickly came to the fore as it was designated the forum's secretariat (albeit with limitations) and absorbed PIPA. And, when forum members (through the 1975 South Pacific Conference) supported a review into the continuing relevance of the SPC in 1976 and authorised a review of their own into 'more effective aid', the game was afoot.¹⁰ The ensuing dispute over control of the islands' regional capacity was, however, always misconceived. The key ostensible question, which derived from the absorption of PIPA by the SPEC, was 'could the South Pacific improve its regional capacity institutionally?'. In reality, this question merely repeated Islander doubts relating to the legitimacy of extra-regional stakeholders in regional processes. The quest for a 'single regional organisation' bedevilled the region for a dozen years.

The problems attached to the single regional organisation issue were simple yet convoluted. They were simple in that the forum would have been content merely to acquire the regional capacity of the SPC — the resources it had for generating regional outcomes — without the SPC's three great power members or without its decision-making processes. So too would have been many (but not all) of those island territories likely to become members of the forum and the SPEC. However, there were American and French territories that did not see themselves as early members of the forum. Moreover, there were also smaller members of the forum that felt that having a second string to the bow of regional capacity gave them more options than would be the case with an SRO dominated by the larger regional states. There were also forum members with doubts about excluding Britain, France and the US from regional affairs.

The method of pursuing the single organisation objective, however, ensured that any solution would be convoluted. The SPC was an organically integrated institution. The forum and the SPEC were separate entities. Any union with the SPC could only be with the SPEC, not the forum.¹¹ Complicating the issue was the question of why the forum members did not direct the SPC policy through their dominance on the conference.¹² Some were concerned that members of the SPEC and the SPC would not contribute 'double' funding to a single organisation. Indeed, it was asked, why would the three excluded powers contribute at all? Would these states allow their territories to participate in the new-look forum/SPEC without them? None of these questions could

be resolved and so they festered as an open sore in the region until the abandonment of the single organisation aim in 1988 with the creation of the South Pacific Organisation's Coordinating Committee (SPOCC).

It is something of a historical irony that the single regional organisation issue festered for as long as it did. The forum itself violated this objective in 1979 when it established a new IGO under its auspices, the South Pacific Forum Fisheries Agency (FFA). The FFA could have been managed through the SPEC had the forum members been truly committed to the single organisation idea; the institutional means were not impossible. However, the diversity of members' interests in fisheries, the unfinished status of the new International Law of the Sea and uncertainty as to the pressure that might fall on the SPEC if it were asked to take on the unknown risks of a contested fisheries role made the safety of an independent IGO under the forum appealing despite the single organisation issue. The establishment of the FFA passed unremarked on either its implicit rejection of the single regional organisation or its implications for further compartmentalisation of specialist technical issues within separate agencies. In short, the dream of the SRO as a single engine of regional capacity was lost, not just because of the resistance of conservative powers in the SPC but because even the forum found a single mechanism deficient for its needs.

The single organisation issue had persisted even in the face of Cold War security tensions. The Committee for the Coordination of Offshore Prospecting/South Pacific (CCOP/SOPAC) began in 1972 as an Economic and Social Commission for Asia and the Pacific (ESCAP) project to search for hydrocarbons among the Pacific's atolls. Acceptance of an offer from the USSR to undertake a five-year program of marine surveys brought protests from Australia and New Zealand. ESCAP, however, retorted that it could not prevent its members from participating in ESCAP projects. A 1983 review favoured transferring political control to the islands despite the single regional organisation constraint. In 1984, a memorandum of understanding authorised the IGO option but without the full enthusiasm of the forum, notwithstanding that all the body's members (except Guam) were forum members.¹³ CCOP/SOPAC became the South Pacific Applied Geoscience Commission (SOPAC) in 1989 and was to serve the forum members, to some extent, as the non-living marine resources counterpart to the FFA.¹⁴

The recognition of SOPAC as an IGO added to capacity in the region in another area of technical expertise and demonstrated the increasing importance of marine resources to the region's development aspirations and responsibilities. And, like other arrangements, the strengthening of capacity tended to reconfirm the importance of non-island countries in the production of this capacity. The primary funders of SOPAC were the three ANZUS states, even though their support was not an ANZUS activity. Indeed, formally, SOPAC looked rather like the forum view of regional stakeholders. The technical nature of SOPAC militated against too much angst on the exclusion of the US since its involvement in SOPAC's important science-based technical advisory committees was not especially controversial. This stood in stark contrast with the FFA, where concerns about United States involvement were real. Indeed, this factor had contributed critically in 1978 to ensuring that the United States was excluded so that the FFA emerged with a SPEC-like membership.

The need for technical cooperation across the entire gamut of fisheries interests made some temporisation necessary. The *modus vivendi* favoured a cooperative arrangement between the SPC and the FFA. The SPC had established the extent of much of the region's tuna resources prior to the establishment of the FFA. Moreover, it had set in place data-collecting mechanisms for catch and effort trusted by the distant water fishing nations (DWFNs), which were regarded as non-threatening in a regulatory sense. The protocols for sharing (and to some extent sanitising) information between the SPC and the FFA took some time to develop but the process itself undermined the single regional organisation issue by demonstrating the possibilities for cooperative rather than competitive arrangements. Significantly, this cooperation worked even given the enormous financial and political stakes at risk. There can be little doubt that the existence of a dual-track approach to developing the region's fisheries resources eased the tensions alienating the United States and the islands over the highly migratory tuna species. The United States was a member by right of the SPC and so it could not be excluded fully from any regulatory development as long as the SPC remained a part of the process.

The emergence of the environment as a regional issue proved that inter-institutional rivalries could not be laid to rest easily. Ownership of the UNEP's 'Regional Seas' project for the South Pacific became a subject of the mid-1970s SPC-SPEC rivalry. A hybrid inter-institutional administrative arrangement was devised to manage what became known as the South Pacific Regional Environment Program (SPREP). The SPC housed the program and provided the secretariat services while SPEC chaired the SPREP executive. This arrangement became increasingly awkward in the next decade, especially as more global resources for regional projects became available and regional acceptance of the importance of environmental issues deepened. The forum regarded environmental issues as 'political' and so entirely within its theatre of responsibility. However, the outputs of SPREP's regional capacity were shared by the SPC's membership. For the forum to incorporate SPREP within its family of agencies would have alienated the non-FICs from its work. Such exclusion was unacceptable to the non-FICs. Moreover, the international community would have had some doubts about a regional programme that defined the Pacific Islands region more narrowly than SPREP's original area of coverage.¹⁵ Thus, the old problems of the single regional organisation continued to influence assessments of regional capacity even after the idea was abandoned as forum policy. In 1991, a ministerial meeting of SPREP participants agreed to reconstitute SPREP as an IGO with a headquarters in Samoa. Nevertheless, this decision was contingent on an assurance, later realised, that sufficient funding from outside the islands would be available to fund these additional costs.

The establishment of the South Pacific Organisations' Coordinating Committee (SPOCC) in 1988 was intended to end the inter-agency rivalry that had damaged regional capacity so badly for more than a decade. Not only were the islands divided by the single regional organisation debate, so were the external powers that provided so much of the resources, particularly in the early years, needed to build, maintain and feed this capacity. Thus, the creation of SPOCC was intended to achieve greater technical and administrative efficiencies through easier collaboration between member agencies and,

hopefully, to avoid the charge of duplication and waste. SPOCC was misnamed to some extent, since it did not have the power to coordinate the affairs of its member agencies.¹⁶ Rather, it served as an advisory arrangement to the parent bodies through their secretariats. SPOCC changed its name to the Council of Regional Organisations in the Pacific (CROP) in 1999 in part as a consequence of a more general series of name changes to delete 'South Pacific' from some agency names.¹⁷ The CROP arrangement appears to be enjoying some success but not without some criticism. The governing bodies of some regional agencies have questioned whether the CROP consultations have overreached themselves. There is a suspicion that the agencies use their agreement to persuade their governing bodies to endorse CROP decisions, thus reducing the control of these governing bodies over their own secretariats.

Why regionalism – the vindication of experience

The foregoing review of Pacific Island regionalism has passed only lightly over the range of issues that have worked in various ways to provide the foundations for regional capacity. Nevertheless, it is possible to identify a few that have been critical for the success and further development of this remarkably robust system. The identification of the legitimate 'region' with the SPC boundaries is under-regarded and yet vital, as it enabled this inclusive concept to survive the divisive pressures of the single regional organisation confrontation. Indeed, the constancy of the islands' commitment to the broader definition is a genuine hallmark of Pacific Island regionalism and has contributed enormously to maintaining regional capacity. It avoided a too-polarised perspective on decolonisation and so helped to protect the Pacific Island regional system from the extreme pressures that appear to have poisoned Third World regionalism elsewhere. The willingness of extra-regional powers to accept the need to address the diseconomies of scale that afflict the archipelagic micro-states of the South Pacific has also been an important factor. The current system could not exist in its present form without external support for regional capacity. Equally, it is clear that the preference for IGOs has been strong by the islands and their extra-regional sponsors. While some of this might have been driven by approval of their experience, habit cannot explain the whole of their preference. Non-island participants appear to prefer the legal status and more structured cooperation of this arrangement, while the islands are able to enjoy an extension of their sovereignty in a more politically level arena.

Some of these foundations are so secure that it is difficult to imagine that they can be undermined easily. The dependence on non-island funding remains a vulnerability today, however, just as it was throughout the single regional organisation debate and other developments such as the creation of SOPAC and the South Pacific Tourism Organisation. Much depends on the perception of these non-island producers of regional capacity that they too are beneficiaries of the outputs and so are consumers of these outputs also. These perceptions were challenged during the decolonisation process and by the Cold War. Nevertheless, island and metropolitan powers found sufficient common purpose to work together through these tensions to maintain a commitment to maintaining the area's regional capacity. Even the post-Cold War pursuit of a peace

dividend and increased emphasis on economic rationality have stressed the regional system, but they have not broken it. Nevertheless, the straitened funding circumstances within which SOPAC has found itself in recent years are an indication that the burden of sustaining regional capacity through IGOs is substantial and cannot be assumed. Donors are becoming more demanding that their expectations be met not only with regard to the substantive outputs of regional capacity, but with the efficiencies of the conversion process. Other factors are influential as well. The UK recently withdrew from the SPC (for the second time in a decade) on the grounds of re-evaluating its national interests in the region. Replacements from non-traditional extra-regional interests are not readily forthcoming.¹⁸ On the other hand, the commitment of Australia and New Zealand to contribute essential capacity to underpin regional cooperation seems to have been strengthened by recent forum decisions, particularly in relation to the intended 'Pacific Plan'.

In the final analysis, the foundations of the Pacific Islands' regional capacity have been firm enough and adaptable enough to survive for more than six decades. These foundations, appropriately developed and extended, have come to support a remarkable and valuable level of institutionalised cooperation. It is true that these foundations required substantial input from outside the islands region. This support was initially extended because it was in the interests of the outside powers. Subsequently, it has been continued, in part, because the donor countries found new reasons for remaining engaged. Importantly, these reasons include the fact that the islands have made effective use of their regional capacity. Thus, the new challenges to be faced by the Pacific Islands can be met, when appropriate, by a rich and mature multilateral capacity that has proved its merit, together with significantly increasing input from Australia and New Zealand. However, the foundations of Pacific Island regional capacity were laid to address old problems. They will remain a firm basis for achieving contemporary regional aims only if these foundations are built on and adapted to the new requirements of a new era.

Notes

- 1 This assessment is based on nearly 30 years of direct involvement in South Pacific organisational issues, beginning with the 1976 review of the SPC. I am grateful to Michael Powles for the opportunity to reflect on this experience.
- 2 The six states included were Britain, France, the Netherlands, the United States, as well as the two proposers — Australia and New Zealand. Perhaps significantly, some possible inclusions were not at the Canberra conference. Portugal for East Timor and Chile for Easter Island might have been invited but were not.
- 3 Some changes did occur including such minor ones as the yoyo-like inclusion and exclusion of Norfolk Island over a 30-year period and the ambiguity surrounding the status of Tonga within the SPC's ambit. The key changes were the enlargement in 1951 for the US Micronesian territories and the contraction in 1962 with the exclusion of West Papua.

- 4 This division was too neat even at the time, as demonstrated by ANZAC's diplomatic objectives in proposing the SPC. Moreover, the spirit of the age tended to view the work of the SPC as altruistic, without significant benefit to the founding members, even though occasionally they acknowledged some savings in pooling their research efforts in the South Pacific.
- 5 The term 'metropolitan' was long used to describe the founding extra-regional states of the SPC and to distinguish them from island members of the commission after 1965. Today, the preferred term appears to be 'donor member'. This usage reduces the colonial heritage issue but tends to reintroduce the division between producers and consumers of the SPC's outputs.
- 6 The start of nuclear testing in the Pacific by France in the mid-1960s was the catalyst for this imbroglio, but the issue was not confined to France since the United States shared a sensitivity on this matter for different reasons.
- 7 It is an interesting point of historical trivia that the SPEC was not established to be the forum's secretariat. This happened only two years later and with some pressure from the SPEC's inaugural Executive Secretary, Mahe Tupouniua.
- 8 This point is reinforced in that there was no defined ambit of operation for the forum in the way the scope of the SPC had been defined.
- 9 The SPC organs (Research Council and Secretariat) basically undertook research and served as a clearing house for technical information to member governments and territorial administrations. However, by the late 1960s, its pilot projects and service activities did appear to many in the islands to be a source of direct aid even if this was not formally their purpose.
- 10 The two reviews had quite different results even though together they drew a line of suspicious tension between the SPEC and the SPC. The SPEC review wanted a more coordinated approach to regional aid, which went beyond what its own members would support. The SPC review found the organisation had retained a *raison d'être* even in the post-forum South Pacific. This determination was made essentially by the SPC's islands membership.
- 11 Even when the SPEC was accepted as the forum's secretariat, the forum did not complete the process of becoming an IGO itself since it lacked a foundation treaty. It would have been impossible for the forum as a heads-of-government 'club' to merge with an IGO such as the SPC.
- 12 From 1973, the commission and the South Pacific Conference merged so that decision-making within the SPC was controlled through the conference (although some treaty obligations still required the formal continuance of the commission as an organ of the SPC). From 1980, it was possible for the forum members, by voting as a bloc, to control the conference.
- 13 The Memorandum served the purpose of doubts-removal legislation in municipal law so that it confirmed the original intention of CCOP/SOPAC's regional members to constitute it as an IGO. Thus, CCOP/SOPAC was deemed technically not to be a 'new' regional organisation and so was not contrary to the single regional organisation aspirations of the forum. The 1984 Memorandum of Understanding and

CCOP/SOPAC's existing Terms of Reference served as the body's foundation documents until a full treaty was drafted in 1989.

- 14 Although not founded under the aegis of the forum, CCOP/SOPAC sought a close relationship with the forum and sends its annual report to the forum for consideration just as the FFA does.
- 15 It includes all the 22 Pacific Island countries that are members of the SPC as well as four of the five metropolitan states of the SPC — Australia, France, New Zealand and the United States. Only one SPC member — the United Kingdom — remained outside the SPREP.
- 16 These now include: the Forum Secretariat (formerly the SPEC), the Pacific Community (formerly the SPC), the Forum Fisheries Agency, the South Pacific Regional Environment Program, the South Pacific Applied Geoscience Commission, the Pacific Island Development Program, the South Pacific Tourism Organisation, the University of the South Pacific, the Fiji School of Medicine and the South Pacific Board for Educational Assessment.
- 17 'South Pacific' was seen by some as inappropriate because the region's ambit included islands above the equator and so was a slight to them. This issue had proved a challenge to the SPC from the early 1960s but no consensus could be found as an alternative until Dr Bob Dun, then Secretary-General of the SPC, forced 'Pacific Islands' through in 1997.
- 18 Chile and Japan have expressed interest at various times in joining various agencies of the regional system, but the most effective general mechanisms to date are the SPC's observer category and the forum's Dialogue Partnership arrangement. These are not fully satisfying for some as they do impact on the resources for sustaining the regional organisations.

Regionalism Above and Below the Forum: The geographical/culture regions, Asia-Pacific and others

Ron Crocombe

Introduction

Judged against logical criteria, the potential for effective regionalism in the Pacific Islands is limited. Much has been achieved in wider forms of cooperation in governmental, commercial, religious and other aspects of life, but it needs to be kept in perspective with other forms of linkage within and beyond the Pacific Islands. This seems unlikely to change despite renewed political interest among Pacific Islands Forum countries in developing closer political integration, which in fact is initiated, funded, promoted and broadly sculpted by the governments of Australia, New Zealand and Europe in particular. As anywhere in the world, different regions apply for different functions (many different regions already apply to a variety of organisations in and involving the Pacific Islands), and finding the most appropriate and effective region for particular functions will always be a matter of negotiation.

The major development in the Pacific Islands region is the paradigm shift from 'West' to 'East' with the major nations of East Asia soon to become the major external influence on Pacific Island states. Asian nations will similarly become the major funders of regionalism in the Pacific in the near future. Australia and New Zealand are likely to seek to increase their involvement in the short term to counter the influence of Asia; but that is likely only to delay the coming predominance of Asia.

In this time of rapid change on many fronts it is appropriate to rethink the existing pattern of regionalism in terms of likely future needs. More will be gained if Pacific Island countries decline current pressures for across-the-board closer integration among the countries of the Pacific Islands Forum and instead identify what degree of regional

integration will provide the best solutions for their peoples for particular purposes and what region is the most appropriate for each purpose.

Criteria for effective regionalism

There are several criteria for effective regionalism anywhere in the world. The more fully they are met, the higher the potential for regional cooperation. The criteria might be divided into the hardware and the software categories (or material and identity factors, or body and soul).

Hardware or material items (the body) include:

- Geographical contiguity and proximity. The forum and Pacific Community regions are the most scattered regions of the world, with no countries sharing land boundaries (whereas most of the world's regions are contiguous).
- Intra-regional trade and investment. For trade, this is less than two per cent; for investment, probably less, and both are decreasing.
- Air, shipping, telecommunications and media flows within the region are a tiny proportion of the total, and reducing. More than 90 per cent of contact is with individual nations on the Pacific Rim and beyond.
- Intra-regional freedom of movement and employment is minimal, although some provision exists within the Melanesian Spearhead Group. There is scope to increase it. Freer movement and work access could cause tensions and even conflict, but if done in stages and with sensitivity, it could facilitate economic growth and regional cohesion. Today, most island nations resist movement within the region but facilitate immigration from Asia, which is likely to cause more conflict than movement of Pacific Islanders.
- Paying a significant share of the costs. For most Pacific Island regional organisations, 95 per cent or more of their budgets is paid from outside the region. The Cook Islands pays 0.3 per cent of its national budget to regional organisations — including UN agencies. That is about average. Given the increasing number of nations outside this region with an interest in influencing it, the pressure for island nations to pay might not be great. As no island nation derives much income or other material benefit from within the region, the incentives to pay are low. It is easy to have services accepted if provided free from outside, but that gives no indication of the priorities of island nations, though it does show the priorities of donor nations.

Software or identity factors (the soul of the region) include:

- Ethnic/cultural ties. These are highest for Polynesia, next highest for Micronesia, most diverse for Melanesia, and more preached than practised everywhere. As with any identity ties, they are active only vis-a-vis others. Formerly relative to the West, from now on, they will increasingly be vis-a-vis Asian countries and people.
- Religious/ideological compatibility. This is high as there is no major conflict of political ideology (eg., capitalist/communist), and most Pacific political leaders (but not business leaders) are Christian. The proportion of non-Christians is growing, but is not generally the basis for conflict, except in Fiji. Compatibility might erode

in the longer term as more people and religious/philosophical/value influences come from Asia and elsewhere.

- Significant elements of common history and experience. These can provide some basis for cooperation. The significant common elements in value systems, cultural patterns, symbolic representation, etc., are likely to decline relative to total influences as the populations become more diverse (particularly with a growing Asian proportion in most countries of the region) and as colonial history fades.

The hardware basis for Pacific Island regionalism is relatively weak on all criteria, accounts for a small proportion of total activities or linkages and is expected to decline. The software basis is a little stronger — including feelings of common origins, historical experiences and thought patterns — but it is still only moderate. In these circumstances, although there is a strong case for regional interaction in particular fields, it would be unwise to advocate comprehensive regional integration. The task is to identify what degrees of regional interaction will provide the best solutions for the peoples concerned, and which region is the most appropriate for each purpose.

Which regions are the most appropriate for which functions?

The options include:

- The forum region, ie., English-speaking countries, comprising former British (including Australian and New Zealand) and some US colonies — excluding the largest, Hawai'i — but dominated by the former.
- The Pacific Community region, ie., former and present British (including Australian and New Zealand), French, US and Dutch colonies.
- Many other regional organisations have different geographical boundaries. For example, the Pacific Islands Development Program includes all heads of independent and non-independent Pacific Island governments, including the Governor of Hawai'i. The Small Islands States Summit (Cook Islands, Kiribati, Marshall Islands, Nauru, Niue and Tuvalu) has not been very effective. The Central Pacific Bloc (of Kiribati, Marshall Islands, Nauru and Tuvalu) makes more sense for some purposes but has not made much progress. A great diversity of NGOs, community and sporting bodies all have their own boundaries within the islands. Many include some countries beyond.
- The colonial history regions. The British Commonwealth is the largest of these and still the most influential. The French-associated entities (French Polynesia, New Caledonia, Wallis and Futuna) likewise interact at many levels. The US-linked entities (American Samoa, The FSM, Guam, Marshall Islands, Northern Marianas, Palau and Hawai'i) constitute another area of relatively intense interaction — though more with the United States than with each other because that is the main source of funds, trade, population movement, etc.
- Culture-area regionalism. The three major culture areas make more sense for many regional activities, and are the bases for many types of interaction. They would have been the basis for much more, but the external donor nations have done all they can to stifle culture-area regionalism and to promote all-islands regionalism, which

they see as more congruent with their interests. Thus, activities undertaken on a Pacific-wide basis will be encouraged and given large amounts of funds, but the same activities on a culture-area basis will be discouraged and given none.

- The Melanesian region is many times larger in area and population than Polynesia and Micronesia put together. Melanesia has relatively little to do with them (except for Fiji, which also interacts significantly with western Polynesia). The core of this region, with most in common, are the Pidgin-speaking countries (Papua New Guinea, Solomon Islands and Vanuatu). The Melanesian Spearhead Group includes the heads of government of Papua New Guinea, Solomon Islands, Vanuatu and Fiji, and of the independence movement of New Caledonia — but significantly not West Papua or the Torres Strait Islands.
- The Polynesian region is the most widely scattered, and its links, in hardware and software, are much more with Australia and New Zealand, or the United States or Chile (for Easter Island) than with Melanesia or Micronesia.
- The Micronesian region. The nations (FSM, Marshall Islands and Palau) and territories (Guam, Northern Marianas, Wake, etc.) have their 'hardware' connections with the northern hemisphere — with the United States and Asia — and most of their software connections also. Almost the only activities for which they look south are those paid for from abroad to fit external ideologies. Kiribati's and Nauru's external orientations in the 1800s were also northwards. They were turned south by colonial powers in the 1900s, but are already returning north. Micronesia is the most cohesive culture area, with the best basis for continuing cohesion. It is the smallest in area, population and spread, and the only culture area in which all countries use the same international language. These and other factors make interaction easier and the case for cooperation stronger.
- The Asia-Pacific region. This was largely irrelevant until the 1970s but is now the fastest-growing region. Many in Asia see the Pacific Islands as a sub-region of the Asia-Pacific. I know of 370 Asia-Pacific regional organisations, not including the Asia-Pacific programmes of the UN agencies — more than 500 in total. That includes many Asia-Pacific NGOs and voluntary organisations, but excludes the many Asia-Pacific sporting and other organisations. The overall total of organisations linking Asia and the Pacific Islands is now likely to be more than 400. And that does not include the powerful bilateral trade and investment links, or bilateral government relations between Asia and Pacific governments.
- At least 18 Asia-Pacific organisations are headquartered in Bangkok, six in Manila, five in Kuala Lumpur, while Japan has more than 55. There are some in other Asian nations. Each involves travel and communication for courses, conferences and other activities and helps develop awareness and understanding of Asian nations and peoples. These organisations and activities are still expanding.

- The boundaries differ for different functions. Which countries belong to particular Asia-Pacific NGOs varies immensely, in principle and even more in practice. ASEAN overlaps with Papua New Guinea and East Timor, which are now Associate Members of ASEAN and the Pacific Islands Forum. The South-West Pacific Dialogue Group, initiated by former Indonesian president Wahid in 2001, first met in 2002 and includes the foreign ministers of Indonesia, the Philippines, East Timor, Papua New Guinea, Australia and New Zealand.
- World Bank data shows that in the 31 years from 1965 to 1996, East Asian economies averaged 5.5 per cent annual increase per capita, but Western Europe, North America and Australia averaged only two per cent. The islands showed no growth during that period. These differences, compounded during the 31-year period and still compounding, give the East Asian economies an enormous future advantage in the region.
- The Pacific Basin region. Japan initiated and promoted the Pacific Basin Community concept to help overcome its isolation. This is a functional region for many NGOs, eg., the Pacific Science Association and its associated Pacific Science Congress (mainly inter-university), the Pacific Basin Economic Council (PBEC — mainly multinational corporations), the Pacific Economic Cooperation Council (PECC — governments and universities), etc. The overarching governmental body is now APEC, which began as an Australian initiative. Pacific Basin regionalism will grow, but is unlikely to reach the scale of Asia-Pacific regionalism.
- Functional groupings (usually of multiple sub-regions) include the Association of Small Island States, which includes islands of the Pacific, the Caribbean, the Indian Ocean and others, and has its headquarters close to the UN in New York; the ACP Group (of African, Caribbean and Pacific nations in relation to the EU); the Commonwealth (which includes most Pacific Island nations along with many island countries elsewhere in the world).

When sources outside the islands decide it is in their interest to finance more activity on a regional basis it will almost always be accepted, but it is hardly regional 'cooperation', as it uses outside funds to hire people (mostly from the country where the programme is based) to provide services to individual nations.

Regionalism and language and cultural issues

The forum recently established a goal of promoting language and culture as a regional issue. More thought needs to be given to what forum leaders mean by culture. The most basic elements of any cultural system are the economy, technology, political and value systems. Pacific economies and technologies have joined those of the world, the political structures were adapted from Western systems, but the value systems are an evolving amalgam of indigenous, Christian and Western systems. Almost all discussion of cultural issues is about a peripheral element of it, the expressive arts, which is safe and deflects attention from more basic issues.

Support for Pacific languages is desirable and achievable, but within what overall language policy? With more than 1,100 languages in the forum islands region, and some cultural variation between all cultures, the forum's goal of strengthening Pacific languages and cultures can best be achieved by individual nations and national institutions. Regional organisations will be keen to feed off such programmes, but are unlikely to strengthen Pacific languages or cultures. If external resources are available for these purposes, they should go directly to those who need them and will use them, otherwise we will see more hijacking of the resources for the benefit of centrally located elites. Little will dribble through to where it is needed.

No nation can survive and thrive in tomorrow's world with one small language, even with a national lingua franca such as Pidgin, in multi-language countries. An international language is now also essential. In most cases, that will be English (and, for a time, French in the present French territories, Indonesian in West Papua and Spanish in Rapanui). English is the language of regional interaction for the medium term — beyond that are several possibilities. Also, most Kiribati young men need Japanese or German to work on the ships of one or the other country. Japanese is important for western Micronesia with its dependence on Japanese tourism, investment and interaction. Chinese (Mandarin and/or Cantonese) is likely to be needed more widely in the region. The key need is for a language policy as a whole, not only a policy for indigenous languages — important though they are.

In the field of the expressive arts, the Festival of Pacific Arts occurs once every four years. There are also a Melanesian Arts Festival and a Micronesian Arts Festival. All are positive and popular, but are too expensive to run more than once in every four years or so. And even then, they are funded largely from outside the region, or by foreign firms within it.

Vastly more international cultural activity occurs outside the Pacific Islands region. New Zealand, Australia and Hawai'i host many festivals involving Pacific Islanders in those countries and those who go from the islands to attend them. They are on a larger scale than those in the islands. Taiwan's annual Austronesian Festival, to which Pacific Island teams are invited and paid to attend, is also becoming a major cultural event.

Pacific Islanders attend expressive arts performances much more outside the region than within it. For example, the Cook Islands (with a national population of 12,000) has in recent months had several performing arts teams in Germany, Spain and elsewhere in Europe, a team in China and another at the Austronesian Festival in Taiwan, two teams in Dubai, and various community '*tere*' performing groups in New Zealand and Australia. A team has performed in Japan for several months each year for about 35 years. Apart from the Festival of Pacific Arts, I am not aware of any Cook Islands expressive arts teams going to any other Pacific Islands country to perform. The regional exchanges or festivals are worthwhile, but represent a small proportion of the total. The reality, unpopular though it might be to many within the region, is that the regional proportion is likely to expand only if countries outside, or foreign investors inside, decide it is in their interest to fund it.

The paradigm shift from 'West' to 'East'

For the past 250 years (or 500 years if we include the Spanish influence), the overwhelming external influences on the Pacific Islands have come from Europe and its derivatives (mainly Australia, New Zealand and the United States). The external forces shaping islands regionalism have come from the same sources. Now we are in a transition in which the external forces are increasingly from Asia, especially north-east Asia (China, Taiwan, Japan, Korea). Moreover, all the indicators are that the main external influences on Pacific Island regionalism will soon be from Asia.

Pacific Island regionalism itself was originally vis-a-vis European colonial powers with interests in the Pacific, then later with former colonial powers. Now the balance is shifting more to Asia, especially north-east Asia (including ethnic north-east Asians in South-East Asia).

Neither island nations nor their regional organisations are preparing adequately for this quantum change. There need to be changes in childhood and adult education, language policies, and there need to be more students, journalists, diplomats and others who study abroad going to Asian rather than Western nations. These changes will be a major factor shaping how much the Pacific Islands benefit or lose from the economic and political changes in process. Pacific Islanders with firsthand knowledge of at least one Asian language, culture and systems of values, government and business will be more successful in relations with these countries.

Increased regional cooperation is a possible response to the challenges of the 21st century, but more emphasis will need to be given to the areas of achievable growth, particularly freer movement and employment and increased financial contribution by island nations towards regional activity, and reinforcing the software factors by more cultural and work exchanges, regional volunteering and intra-regional movement and communication. All have room for expansion, but none for great expansion.

The potential for regional organisations to improve the quality of integrity systems

Small nations, or even larger nations with little money and limited highly qualified manpower, are at a disadvantage in maintaining quality integrity systems — judges, police, auditors, ombudsmen, etc. Government is becoming ever more complex with more activities within the nation and involvement in an ever-increasing number of international organisations, conventions, treaties and agreements, all with internal implications. Even large governments in wealthy countries find it difficult and expensive to keep up with this growing complexity. In many cases, small countries are unable to comply and required actions are simply not undertaken. Moreover, the smaller the government, or the smaller the elite corps who staff it, the more difficult it is to achieve objectivity, and the greater the network of pressures of reciprocal obligations to relatives, friends and community, church and political party. In most Pacific Island nations, integrity systems are under strain, severely weakening their capacity to deal adequately with aspects of the new challenges.

Two approaches can be pursued to strengthen integrity systems in Pacific Island nations or at least lessen the disadvantages of the present situation. More can be done, by pooling scarce legal and other resources on a regional basis, whether the region is a culture region, the present Pacific Islands Forum or Pacific Community region, the Asia-Pacific region or the world (which is the case with many agreements with the UN or its international agencies). This is likely to achieve economies of cost and scale only if the power and responsibility of execution are also given to the regional agency. Otherwise it is likely to lead to duplication with another level of bureaucracy. And more can be done on a bilateral basis with the bigger, richer neighbours on the Pacific Rim.

There is scope for action on both fronts but which method is likely to give best results in relation to each issue will need careful assessment. Because the term 'regionalism' has become something of a mantra for solving problems beyond the national level, and the Pacific Islands Forum was the model and the paramount decision-making body, probably more reliance has been focused at that level than has been justified.

It seems that more consideration should be given to bilateral linkages with countries with established resources. For example, after a period of moving further from bilateral linkages, the Cook Islands (and Niue even more so) is now going through a phase of increased linkages with New Zealand for specialised medical, educational and other services. Many of these can be more effectively and cheaply provided by bilateral links of this nature than by regional organisations.

The major donors have tried to centralise almost all regional activity on a Pacific Islands-wide basis (but excluding large parts that do not fit their political agenda, such as West Papua), and focus it on Fiji, which they use as a pivotal state. This has led to an overwhelming proportion of the economic, employment, training and political benefits from regionalism flowing to Fiji (which has only 10 per cent of the region's population), marginalising the other countries and peoples.

Changes as more regional funding comes from Asia

Will Asian funders of regionalism be more responsive to individual Pacific Island nations and to other levels of regional interaction — eg., that relating to Melanesia, Micronesia and Polynesia, and relating to the Asia-Pacific region? They might. For example, when Samoa decided to set up a national university, the Western donors tried hard to wreck it and force Samoa to confine itself to the University of the South Pacific, which the withdrawing colonial powers had designed and funded. Japan came to the rescue and supported the National University of Samoa. Samoa is much better off for tertiary education than it would have been without it, and that university has given vastly more stimulus to Samoan language and culture than any regional university could do. This is not to suggest that Japan did this for altruistic reasons, any more than the other donors established a regional institution for altruistic reasons.

To take another example, Western donors have done everything in their power to constrain regional activity by Melanesia, Micronesia and Polynesia, but China recently agreed to build a headquarters for the Melanesian Spearhead Group. This might not be due to support for the principle, but because its Western competitors tried to strangle it;

China can gain kudos by supporting it. (Incidentally, the Spearhead Group might be better to follow the precedent of the *Comision Permanente del Pacifico Sur* — the South Pacific Commission of the South American nations bordering the Pacific — which has for the past 53 years rotated its headquarters every four years between the four member countries, with the four top posts being held by people from each of the four countries.)

Whether Asian nations will continue to support the activities of smaller regions within the Pacific remains to be seen. Like the present major donors, they will be guided firstly by what they see as being in their own interests. This is not to suggest that they are not concerned about the welfare of the Pacific Islands, but they too will tend to interpret Pacific Islanders' welfare in ways congruent with their own.

Asian nations will probably try to reduce the Pacific Islands to one vote in international forums

Having one vote each gives most advantage to the island governments, and to Australia and New Zealand (in the short term at least) as they have had most success in coordinating those votes in ways congruent with their interests. But it is contrary to Asian interests, as well as contrary to the concept of democracy, for very small nations to have the same vote as very large ones. China has nearly 200 times more people than all Pacific Island nations put together, and more than 10,000 times more than the Cook Islands, Nauru, Niue or Tuvalu. Why should Chinese, Japanese, Indian, Indonesian or other Asian people be so disadvantaged in international voting power? I have heard this complaint many times in Asia, and one day it will translate into action. The best chance for the island nations might be to try to retain one vote each for Melanesia, Micronesia and Polynesia. But they have probably been forced too much into the implicit 'one-region' policy of the Western donors for that to be acceptable.

Conclusion

The post-World War II 'one-region policy' set by the former colonial powers is being increasingly marginalised or subordinated under larger units serving the Asia-Pacific or the Pacific Basin regions, and by larger Asian nations shaping the agenda. Australia and New Zealand will probably respond with larger contributions to sustain the present regional framework and their influence in it for a time. However, as the world becomes more complex, there is a need for more action at more diverse levels. It is to be hoped that the external powers will respond more flexibly than they have in the past.

Whose Oceania?

Contending Visions of Community in Pacific Region-Building

Greg Fry

A LOSS OF FAITH in the post-colonial state — now often seen as non-viable, failed or failing — has encouraged many influential governments and commentators to shift their quest for answers to the question ‘What now for good governance in the Pacific?’ to the regional level. Although the basic thrust of outside assistance and the commitment of island governments remains focused on rebuilding or sustaining the centralised state, increasingly, ‘good governance’ is viewed as being possible only within the context of a revitalised and more deeply integrated regional political community. The regional level is seen as having the potential to moderate the excesses of national governance through establishing obligations to regional norms about good governance and economic management. It is also seen as having the potential to assist in resolving conflict, to increase the economic viability of the smaller states through the pooling of limited resources, and to provide a cordon sanitaire against terrorism.

The new faith in a regional answer to the national governance problem has been reflected in a spate of high-profile proposals concerned with redefining the regional political community of Oceania in significant ways. One proposal, emanating from an Australian Senate Committee (Senate 2003: Chpt 1, 3; Cook 2004), but also put forward in various forms by some Australian journalists and academics (Denoon 2004; Dobell 2003), is for a Pacific political and economic community. In the public commentary, this proposal has conjured up ideas of a EU-style regional community for the Pacific and is referred to by some journalists as a proposal for Pacific union.

A second kind of proposal for change has been promoted by the Howard Government as part of its new hands-on policy approach to the Pacific since mid-2003. This approach involves not only a commitment to what Foreign Minister Alexander Downer refers to as ‘cooperative intervention’ in the Solomon Islands, and to the inser-

tion of in-line managers and police in Papua New Guinea and Nauru, but a commitment to a more effective regional approach led by Australia. Its vision is of a revitalised Pacific Islands Forum (managed by an Australian) with greater powers to intervene in state sovereignty and to impose obligations on member states to conform to regional norms and positions. This new commitment to a more effective regional effort is explicitly motivated by a security imperative — the war on terror — and has to be seen as part of the Howard Government's new doctrinal approach to the Pacific underpinned by its view that Australia has a 'special responsibility' to look after 'our patch', defined in this context as the Pacific Islands region.

A third proposal was put forward by an Eminent Persons' Group (EPG) given the task by the 2003 Pacific Islands Forum to review the forum (EPG 2004). This has become the most important proposal because it has now been accepted — in the Auckland Declaration in April 2004 — as the basis of future discussions by all Pacific Islands Forum member countries, including Australia and New Zealand.¹ Like the Australian proposal, it does not seek a Pacific union, but it does propose much deeper regional integration and a rethinking of the 'Pacific Way' to meet new challenges of governance. Its motives are driven less by security concerns as by the challenges of good governance, people's welfare and concerns with wide participation in a regional community. This position seems also to have been held by the New Zealand Government and commentators who did not embrace either the more radical forms of an Australia-centric community of the Senate Committee or the 'war against terror' arguments underpinning Australia's position. As chair of the forum, New Zealand Prime Minister Helen Clarke made it clear that she wanted a more proactive Secretary-General in a crisis and radical restructuring if the Pacific was not to become 'a ghetto of conflict and poverty' (*SMH* 2004: 12).

These three proposals have become confused in the public commentary. There has been a tendency to represent the various Australian proposals, and even the New Zealand Prime Minister's position before the forum, as supporting a move towards a Pacific Community modelled on the European Union.² The Australian Government has denied this. After the Auckland forum, the Australian Prime Minister, John Howard, was reported as saying that talk of a Pacific Union was premature: 'It's counterproductive and it achieves nothing to be talking in those sort of grandiose terms ... Let us crawl before we walk' (*The Australian* 2004). And the EPG report made it clear that although it was not ruling out such a Pacific union as a long-term goal, the immediate concern was making the Pacific Islands Forum more effective. There is clearly no intention at this stage on the part of Australia, New Zealand or Pacific Island governments to move to a political and economic community modelled on the EU.

While the signing of the Auckland Declaration at one level suggests a settlement on the question of what form the redefinition of the Pacific will take, it remains an important exercise in my view to explore the implications of all three proposals mentioned above. The Australian Government is obviously a key player in region-building, and in its present mood, sees itself as having the 'responsibility' to manage things in 'our patch'. The flesh has yet to be put on the bones of the Pacific Plan recommended by the EPG, a

process in which the Australian position will be influential. There are also some who see the EPG report as already satisfying the key objectives of the Australian push for regional reform (Metherell 2004) suggesting the need to examine the differences between the two. The more radical proposal of the bipartisan Senate Committee reflects a broader canvassing of Australian opinion and could become the basis of a Labor government's approach to region-building. Stripped of its controversial 'one regional currency' (the Australian dollar) and 'one regional labour market' arguments, the Senate Committee's proposed Pacific community is not that much different from where the current regional arrangements are heading in the forum, even without the EPG review.

The legitimacy question

The particular concern of this chapter is the question of the moral and political legitimacy of contending visions of community contained in these region-building proposals. The legitimacy of the post-colonial state is the key issue at the *national* level of governance in the Pacific;³ it should also be seen as central when *regional* forms of governance are being defined or redefined. Lacking the coercive and socialising powers of the state, the regional political community is even more dependent on legitimacy as the basis of its political and moral authority. 'Legitimacy' takes us not only to questions of justice (whether a particular form of region-building is seen as denying the rights of particular groups, for example) but to questions of sustainability and order (whether a proposed form of region-building is likely to gain political acceptance by those affected by it). By legitimacy, then, I am not referring to the legal authority of the soft law associated with declarations and treaties (or indeed of hard law if a more radical form of integrated community were formed) or the legal authority of the founding processes engaged in by sovereign states, but rather the acceptance and recognition of the moral and political authority of the regional political community by the people who are subject to it.

I propose to argue that the legitimacy issue turns on the answer to the question of who or what is excluded in a particular vision of regional community. That is, the starting point to establishing the probable legitimacy of the various proposals for regional community is to ask the question: who is Oceania for? We can think of this as a three-part question. The first part is what does the community stand for as a set of values, practices and ideas? At stake here is the key issue of how should Pacific Islanders live their lives? For example, how should they be organised economically? What constitutes a secure community? What should their relationship be with the land? What should the moral obligation be to other Pacific Islanders living under colonialism or repression? The second part is, who should be regarded as belonging to the community and on what basis? And third, who can speak for it and determine its practices?

Ultimately, the answers to the first and second parts of the question are derived from the answer to the third: who controls the idea of Oceania and claims to speak for it? I therefore propose to focus on this in exploring the legitimacy question in relation to the current attempts to redefine regional community. In the post-colonial Pacific context this question is pertinent. It has been at the centre of the struggle over the legitimacy of various forms of Pacific community for more than 60 years. It has centred on a debate

about the self-determination of Pacific societies and its flip side, a debate about hegemonic regionalism (whether seen as colonial or neo-colonial) concerning the role of colonial powers, ex-colonial powers and other outside forces, but particularly of Australia, in defining what the Pacific should stand for as an idea. As importantly, it has also involved a debate among Pacific Islanders about who represents the 'self' in regional self-determination. The rights of state elites to be the only group to speak for the regional community have been challenged over several decades by non-governmental organisations, sovereignty movements, the leaders of dependent territories and women's groups.

We are now in a position to turn to a consideration of how current proposals to redefine Oceanic regionalism, and the visions of community they contain, might enter this longstanding contest over self-determination and what the region should stand for, and the implications of this in turn for the legitimacy of this latest attempt at region-building.

The Australian Government proposal

The Australian Government vision of Pacific community is for a state-centric community of Pacific Island states managed by, but not including, Australia. The community should embrace good governance, democracy and neo-liberal economic values and harmonise laws around border control in a way that would suit Australia's security concerns. It calls for greater regional integration in the form of the pooling of resources among Pacific Island states in such areas as police training and civil aviation. This amounts to a return to the 1970s call for regional integration in the area of economic development and to the 1980s call for regional security defined in ways that were seen as promoting Australian security. It also seeks a community of states in which the obligations entered into by the island member states are more binding on national governments than hitherto has been the case. This is consistent with Australia's concern to achieve more effective implementation of the Australian-led regional agenda of the past few years on security and governance (which already has agreement on paper).

This vision of community can then be seen as an extension of the vision implicit in the existing forum. The community should stand for 'good governance' and 'development' as defined by the World Bank, but there should be a return to regional integration to promote this. The processes of regional community should be changed to give effect to the achievement of existing goals, particularly in relation to economic development and securing the regional borders. Australia sees itself as a patron, not a participant, in such a community. Australian territory and policies are not up for discussion or inclusion. Within this vision, Australia nevertheless sees itself as having a 'special responsibility' to determine this regional community for others. The responsibility is, however, to Western allies, and particularly the United States, rather than to Pacific members of the community.

This new commitment to region-building is driven by a perceived security imperative associated with the war on terror. It has to be seen in the context of Prime Minister Howard's attempt to minimise the commitment of Australian troops to Afghanistan and Iraq since the fall of Baghdad while still appearing as a committed alliance partner with the United States. It was also part of a conceptual shift in policy thinking exemplified in

two key reports issued by the Australian Strategic Policy Institute (ASPI), which argued that the region was now to be seen as a set of failed or failing states whose failure could invite terrorist havens that would threaten Australian security interests (ASPI 2002; 2003).

The change in Australia's Pacific policy, again paralleling a paradigm shift suggested by ASPI, has been dramatic. The most significant expression of this change in approach concerned the decision to reverse a longstanding and considered policy of non-intervention in the Solomon Islands. But also of importance was the Australian Government's decision to radically change the way it engaged with Papua New Guinea. The 'enhanced cooperation package', or ECP, is a hands-on approach aimed at bolstering law and order and 'good governance'. It involves the direct insertion of 250 Australian police and a number of government officials in in-line positions. A third expression of this new doctrine can be seen in the change in Australia's approach to Nauru in 2004. Australia has insisted on placing its officers in key financial management and police positions in the Nauru Government as the condition for Nauru receiving further assistance for its bankrupt economy.

The new commitment to redefining Pacific regionalism has to be seen in the light of this hands-on engagement. In the context of developing the rationale for the Solomon Islands intervention, Howard promoted the idea of the pooling of regional resources as a means of small non-viable states finding the resources to govern and to avert the longer-term economic problems producing state failure. He called specifically for regional integration in civil aviation and police training. Consistent with the hands-on approach at the centre of the new doctrine, Australia has also pushed to have an Australian in charge of the reform process, overthrowing a 30-year convention of a Pacific Islander being at the helm of the Pacific Islands Forum. While it is not new for Australia to use regionalism as a vehicle for promoting good governance and 'war against terror' objectives, what changed in 2003-04 was the degree of hands-on engagement, not least in the personal involvement of the Australian Prime Minister. Nor was the push for an Australian as Secretary-General a trivial matter, given the symbolism that this position holds in representing the efforts of a past generation of Pacific Islanders to decolonise South Pacific regionalism.

The most important aspect of the new push for region-building from Australia is the return of a very old Australian discourse in relation to the South Pacific, that of 'special responsibility'. This idea — that Australia has a special responsibility to manage things in the Pacific Islands region, a responsibility that it sees as being expected of it by distant and powerful friends — is a recurring theme in the Prime Minister's explanation for the new hands-on approach to the Pacific since mid-2003. This self-image as leader and manager recaptures the policy atmosphere of the 1980s and of 1994-96 when this idea last surfaced. It, of course, raises issues of self-determination for Pacific states and peoples particularly as the Howard Government has made no secret of the fact that it is exercising this responsibility on behalf of the so-called Coalition of the Willing in this part of the world in lieu of heavier deployments to the Middle East.

The Pacific political and economic community proposal

At about the same time as Howard was announcing his government's commitment to a strengthened Pacific regionalism through a pooling of resources, a very different model of Oceanic political community emerged as the main recommendation of *A Pacific Engaged*, a report by the bipartisan Australian Senate Foreign Affairs, Defence and Trade References Committee. This is a proposal for a Pacific political and economic community (PPEC). The proposal is for a highly integrated economic community including a free trade area, monetary union (preferably using the Australian dollar) and free labour movement into Australia (although it recommends only a limited pilot scheme in the first instance) and a high degree of obligation for island countries to engage in sound economic management. Although 'political community' is also implied in the naming of this proposal, it is clearly focused on the economy. There is no mention of a regional parliament, regional confederation or other form of political integration such as joint foreign policy (Senate 2003: Chpt 1, 3; Cook 2004.).

In contrast with the security-driven Australian Government proposal, the rationale underlying the Senate Committee proposal is primarily a humanitarian one (Senate 2003: 7-10). The objectives are sustainable economic growth, democratic and ethical governance, 'shared and balanced' defence and security, and better health, welfare and education. The beliefs driving the proposal are that 'economic and social problems are worsening' in the island states; that Australia has a responsibility to assist; and that the best policy approach for Australia to achieve this is to promote or at least study the idea of a fully integrated Pacific economic union. How is a Pacific community to achieve these goals? An enormous weight is put on 'sustainable regional economic growth'. If such growth is achieved, it is argued, 'issues of governance, international crime, law and order, regional security and the health and wellbeing of the people will improve' (Senate 2003: 7-8).

An equally large burden is put on the answer to the question: how might the Pacific political and economic community achieve this 'sustainable regional economic growth'? The explicit answer given is pooling of resources and the imposing of disciplines in economic management on national governments. Mike Moore, former Director-General of the WTO, is cited with approval, for example, in observing that:

Studies show that countries preparing for entry to the EU and WTO do better than those without such objectives. The economic discipline brings with it growth, social progress and better governance. (Senate 2003: 79)

The Senate Committee's proposal was clearly influenced by, but further developed the ideas of, some key Australian academics and journalists. Donald Denoon, former Professor of Pacific History at the ANU, for example, argues that:

The only way that our region can become more prosperous and harmonious is to revisit and revive the substance (though not the name) of Australasia, acknowledging that the federal compact of 1900 was too narrow to serve the needs of the region.

First, we should concede that there is a region and mutual responsibilities within it. What should follow is the creation of a free trade area. Equally necessary is an integrated defence structure. Ultimately the region and its members need something like the European Community, so that currency fluctuations are avoided, capital and technology flow freely, and the benefits of a larger market can be enjoyed. Anything less is simply delaying the collapse of the smaller economies and polities, with catastrophic consequences for Australia and New Zealand. (Denoon 2004: 13)

And Graeme Dobell, Radio Australia foreign affairs reporter, in an influential public lecture delivered at Parliament House in February 2003, said,

To match our security guarantee with an economic guarantee, it's time for Canberra to advocate the creation of a Pacific Economic Community grouping Australia, New Zealand, Papua New Guinea, the Island states of the Forum and possibly the French Pacific territories ...

Our purpose is to prevent the disintegration of small societies and fragile states. We need to put a regional floor beneath Pacific economies. Australia and New Zealand need a broadly-based Pacific Community so that their demands for reform and change are not merely dismissed as new forms of colonialism. Labour mobility would give Canberra and Wellington fresh bargaining power to move the regional game in new directions ... Stronger regional structures are needed to give Island states some life support and allow real nation-building. (Dobell 2003: 21-2)

All three proposals — that of Dobell, Denoon and the Senate Committee — envisage a community in which there are rights and obligations or 'mutual responsibilities'. The Senate Committee makes this the 'central plank' of its PPEC. It argues that if Australia has an obligation to the region (which the report assumes), and the region has a right to expect Australia to play its role (again assumed), then the region has an obligation to Australia to work towards economic reform and efficiency. The same logic appears to be admired by Dobell in his reference to the success of the EU in getting the Pacific to do what it wants:

Australia should be shamed that the European Union was able to force the Forum Island countries to create an Islands-only free trade grouping. Rattling its aid money, the European [Union] demanded the creation of a matching trans-national body so it could more easily conduct its business through the Forum Secretariat in Suva. The EU Aid Commissioner toured the region last October telling the Islands that small is not beautiful, small is ridiculous in economic terms. If the EU can move the Pacific to embrace an economic concept that delivers little real benefit to the Islands (and one they've resisted for 30 years) then Australia and New Zealand should become bolder about creating a regional community that could actually do some good.

The problem is that this sounds more like imposing aid conditionality than forming the basis of a sustainable social contract for building a community. Under this suggestion, Australia determines who has responsibility to whom and what each does on the basis of 'rattling its aid money', to use Dobell's phrase, or offering some labour access. All three proposals are highly Australia-centric. They see an Australian hub with a series of spokes rather than a regional community in which Australia happens to be the biggest member. In this respect the community is to be built for Pacific Island societies but on Australian terms.

Nevertheless, these three proposals appear more able to gain legitimacy than the Howard Government's vision because the primary motivation is at least to assist the Pacific rather than to secure Australia. There is also at least some opening up of Australia into the community. Furthermore, in the case of Dobell and the Senate Committee the proposals are put forward in the context of making the case for more people-to-people contacts between the Pacific and Australia, and for education of Australians on Pacific matters. While their regional community concept is still one of a 'community of states', it crosses a line into a broader notion of community with this link to society.

The Pacific Eminent Persons' Group proposal

The third prominent vision of future Pacific community grew out of an Australian and New Zealand push for more effective regionalism at the Auckland Pacific Islands Forum in August 2003. It is important to note that the Australian push reflected the Howard Government's position outlined above and not that of the Senate Committee. *A Pacific Engaged* was released about the same time, and confused reporting of the Australian position at the Auckland forum. As we have seen, the Australian Government was concerned with tightening up regionalism as part of its responsibility to manage 'our patch' in the war on terror. Prime Minister Howard went to the Auckland forum with the intention of promoting further pooling of resources at the regional level, particularly in the area of police training and civil aviation, as well as a tightening up of the processes and management of the Pacific Islands Forum (including the insertion of an Australian in the top regional post, running the Forum Secretariat). The position of New Zealand's Prime Minister, Helen Clarke, while obviously not embracing the ideas of Australia's 'special responsibility', was also concerned to create a much more effective forum to confront the issues that her government had been active in assisting in recent years: development, law and order and conflict situations.

In the event, the other Pacific leaders agreed to this agenda. As well as support in principle for police training and civil aviation, they agreed to set up an Eminent Persons' Group to conduct the first comprehensive review of the forum (Pacific Islands Forum 2003). The EPG was chaired by Sir Julius Chan, former Prime Minister of Papua New Guinea and comprised several prominent members: Dr Langi Kavaliku of the Kingdom of Tonga; Teburoro Tito, former President of Kiribati; Maiava Iulai Toma, the Samoan Ombudsman; and Bob Cotton, a former Australian diplomat. It consulted widely in the Pacific states at government and civil society levels. Reflecting the perceived urgency to act, particularly as seen by forum chair, Helen Clarke, it reported to a special forum

summit in Auckland in April 2004. What was before the leaders was a proposal for future directions and an outline of the principles on which a future Pacific 'community of states' should be based. A vision statement outlined the general concept; its implementation awaited the filling out of a Pacific Plan. The April forum agreed to the EPG report and its vision statement in the Auckland Declaration.

While the EPG proposal grew out of Australian and New Zealand efforts to tighten up the forum's regional activities, it contains a significantly different vision of regional community from that implicit in the Australian position in particular (although it might be closer to that of the New Zealand Government⁴). I therefore wish to take a different tack to those who see the EPG report as simply a reflection of Australian Government interests. The *Sydney Morning Herald's* Mark Metherell, for example, interpreted the acceptance of the EPG report by the Pacific leaders as:

Pacific leaders have agreed to more integration with Australia in return for more help to counter the economic and political disintegration of their struggling countries. (Metherell 2004)

The EPG's conception of regional community has to be seen within the parameters of their brief. Their task was to review the Pacific Islands Forum. Their starting point was therefore very different from that of the Australian Senate Committee, which began with a clean slate and came up with what they thought was an ideal regional community rather than beginning with what was there already. Their finishing point was also, not surprisingly, quite distinct. Nevertheless, while not advocating a highly integrated Pacific economic community, the EPG did not rule out such a community in the future. It observed that a Pacific economic union was in fact one of the earliest goals of the forum and that it was 'a vision that remains incomplete, though still a relevant objective' (EPG 2004: 27). Pacific leaders signing onto the vision contained in the report also made it clear that the time was not yet ripe for a Pacific union.

The EPG nevertheless opts for a conception of community that goes beyond that implicit in the current forum activities. First, it envisions a community of states engaged in 'deep integration' (by implication, a higher level of integration than currently attempted) and greater cooperation in such areas as transport, information technology, quarantine, customs, security, judicial and public administration, and regional law enforcement. Second, it promotes the idea of a more proactive secretary-general able to act to mobilise the community to assist in times of regional crisis including within a member state. This amounts to a gentle push across the line of state sovereignty. Third, while seeing the community as a 'community of states', it nevertheless promotes the participation of dependent territories, civil society groups such as women's groups, youth and churches in regional deliberations, and introduces the notion of 'peoples of the region'. Fourth, it seeks to settle the question of the legitimacy of Australian and New Zealand membership of the community but also to place a check on any aspirations to hegemonic relations between members:

It is time to put aside suspicions and differences by explicitly recognising that we are all — whether from Small Island States or more prosperous Australia and New Zealand — peoples of the region. We are political partners and are equal members of the Forum. (Chan 2004: 1)

In terms of the relationship with the Australian conception of regional community, we should particularly note that although the EPG vision shares the purposes of security and development it is concerned to introduce Pacific heritage and cultural identity as a guiding principle of regional community. The emphasis on a community of peoples as well as of states also seems to suggest a departure from the Australian conception that, in contrast, is state-centric and instrumentalist. The process by which this conception was arrived at is also important. The EPG report is justly proud of the wide consultation that was involved and describes the resultant recommendations accordingly as representing 'authentic Pacific opinion'.

Conclusion

Past experience would suggest that the EPG's vision of a future Pacific community has the most potential to gain the support of the Pacific states and other segments of Pacific society. It reinforces the equal place at the table where decisions are made for all states regardless of size, a principle that disciplines the larger states as well as seeking to assure the smaller states. It also promotes a more inclusive community. While still state-centric in its conception of community, it talks about an opening up to regional civil society on the one hand and to the dependent territories on the other. It also introduces a more balanced list of community concerns than the Australian proposals and introduces the protection of cultural heritage as an equally important purpose of the regional community. It is a vision that has been derived from extensive consultation with all sectors of society in all member states. It therefore has the possibility of going some of the way to meeting the concerns of those who felt excluded in the past.

In practice, there is a danger that this more inclusive vision of the EPG will be hijacked by an Australian government intent on promoting its 'special responsibility' to manage the region in the war on terror. It is, of course, quite acceptable for Australia to have concerns about its own security and the possible link between this security and the governance of the post-colonial states in the Pacific. The difficulty begins, as in the past, when Australia arrogates to itself the right to determine the agenda and values of the Pacific community on behalf of the West, the United States or the international community, or just in terms of its own domestic political requirements. This might eventually lead to a lack of support among the island state members for the Australian-led agenda as it did in the 1980s and in 1994-96. And, in the meantime, the adoption of an Australian agenda might alienate the non-state actors whose participation is required if there is to be room for a debate on the main assumptions of regional community visions about neo-liberal development as the panacea for conflict resolution, good governance and security.

There is also the problem that the Australian vision does not include Australia as part of the regional community and yet it wants to determine the values and purposes of that community. While it continues to do this, the regional community will lack legitimacy and will be quietly challenged by those within it. In this regard, the Senate Committee report and others concerned with a more integrated Pacific union offer a more hopeful vision. They not only place Australia within an integrated region, they recognise the need for people-to-people contact and for the education of Australians, if a regional community is to be based on a feeling of identity.

Notes

- 1 *The Auckland Declaration*. Signed at Special Leaders' Retreat, Pacific Islands Forum, Auckland, 6 April 2004. (www.forumsec.org.fj/docs/Gen_docs/Auckland_Declaration.pdf)
- 2 See, for example, Helen Tunnah, 'Pacific Plan Hints at Economic Union', *The New Zealand Herald*, 7 April 2004; 'The United States of the Pacific', editorial, *Sydney Morning Herald*, 17 March 2004, p. 12; 'Be Open Minded on Pacific Union', editorial, *Papua New Guinea Post-Courier*, 11 March 2004.
- 3 I examine this issue in 'Political Legitimacy and the Post-colonial State: Reflections on Some Common Threads in the Fiji and Solomon Islands Coups', *Pacifica Review*, 12 (3), October 2000, pp. 295–304.
- 4 As in the establishment of the forum itself, New Zealand played an important role in supporting the development of the EPG vision and the chair of the EPG singles out the New Zealand Prime Minister, observing that 'The Review was inspired by an insightful presentation right at the start by the Chair of the Pacific Islands Forum, the New Zealand Prime Minister, Rt Hon Helen Clarke'. See Statement by Rt Hon Sir Julius Chan GCMG KBE Chair of the Eminent Persons' Group, *Pacific Islands Forum Review*, March 2004, www.mfat.govt.nz/foreign/regions/pacific/pif03/pifreviewdocs/chair.html

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Rethinking Sovereignty in the Pacific

Transform Aqorau

Introduction

In April 2004, Pacific Islands Forum leaders met in Auckland, New Zealand, and agreed on a blueprint for regional cooperation in the Pacific that would entail ‘deeper and closer’ cooperation. This has prompted some academics and commentators of Pacific Island politics to speculate that this is the genesis of a move towards greater integration similar to the European Union. While closer and deeper cooperation could potentially involve greater integration, forum leaders have been careful about the way in which they have characterised the need for improved cooperation so that it is not misconstrued as usurping the sovereignty of Pacific Island states. This is understandable given the fact that while there might not be any difficulties with integration at the procedural and process level, such as harmonising fisheries laws, customs and quarantine regulations, the same might not be true where such harmonisation would involve the surrender of sovereign powers. But for all their resolve and political machinations, there are indications that the sovereign powers of Pacific Island states are already being ceded through cooperative exchanges. While some politicians might perceive this as vitiating the idea of nation-state sovereign powers, it is argued that the collective exercise of such powers would strengthen the Pacific Island states.

There are two schools of thought in the Pacific. The first seemingly finds support among the old politicians who were involved in bringing the Pacific Islands states to independence. These politicians still cling to the idea of absolute sovereign powers — including the notion that the state is the embodiment of the sovereign nation. The views expressed recently by veteran Solomon Islands politician Sir David Kausimae that Solomon Islands should not change its currency from the Solomon Islands dollar to the Australian dollar because it would be an affront to its sovereignty and integrity would seem to be representative of the old school of thought. The second and more contempo-

rary school of thought is represented by the current generation of politicians who recognise the strength of stronger and closer collective action. It is argued in this paper that sovereignty in the Pacific Islands region is changing. However, the broad policy question for Pacific Islanders is whether these changes will lead to an improvement in the quality of their social and economic wellbeing. The conclusion that this paper makes is that closer and deeper cooperation will require an erosion of the traditional notions of sovereignty, but whether it will lead to improved social and economic standards of living for Pacific Islanders will depend on the extent to which Pacific Islanders and their leaders understand the process of change taking place in the region and how they use the strength gained when sovereign powers are exercised collectively to shape those changes for their benefit.

Old and new sovereignty

The rise of sovereign states in the traditional sense can be traced to the Peace of Westphalia in 1648 during which Europe consolidated its long transition from the Middle Ages to a world of sovereign states. A definition of the term sovereignty is offered in the *Island of Palmas Case (Netherlands v. USA)*, Permanent Court of Arbitration 1928, where the sole Arbitrator stated that

... sovereignty in the relations between States signifies independence. Independence in regard to a portion of the globe is the right to exercise therein, to the exclusion of any other State, the functions of a State ... Territorial sovereignty, as has already been said, involves the exclusive right to display the activities of a State. This right has as corollary a duty: the obligation to protect within the territory the rights of other States, in particular, their right to integrity and inviolability in peace and in war, together with the rights which each may claim for its nationals in foreign territory. Without manifesting its territorial sovereignty in a manner corresponding to circumstances, the State cannot fulfil this duty ...¹

Under this definition, it is arguable that Pacific Island societies were sovereign independent states even before they were colonised, because each society or tribe was already exercising independence with respect to the territory in which it lived and where it held dominion. These societies might have been clusters of families or tribes but each one of them within the geographic sphere of their influence exercised power and authority to the exclusion of other families and tribes. There are significant similarities in the way that the idea of sovereign states evolved from components of fiefdoms in Europe to states and the evolution of states in the Pacific. Europe was also a cluster of small kingdoms in much the same way that traditional Pacific Island societies were organised along tribal and linguistic lines. The major difference in the evolution of sovereign statehood in Europe and the Pacific is that in the Pacific, sovereign statehood, in the way in which we have come to appreciate the term, was the direct result of colonial subjugation, with which most of its inhabitants had no choice. The two exceptional cases in the Pacific are Tonga, which was never colonised — although it is arguable that the consider-

able influence of the church could be construed as a form of colonialism — and Fiji, whose chiefs actually ceded the Fiji Islands to Queen Victoria.

It has been said that sovereignty can be best understood by reference to either of two perceived historical trends — the first, a centuries-long evolution towards a European continent, then a globe of sovereign states; the second, a circumscription of absolute sovereign prerogatives in the second half of the 20th century (Philpott 2003). The same perceptions are relevant to the evolution of statehood in the Pacific Island states, with the exception that the idea of sovereign statehood as we have come to understand the term today was generally forced on unwitting peoples through colonial subjugation. As will be discussed later, the calls for a Pacific Plan and deeper and closer collaboration could well be the embryonic stages of a move towards a circumscription of absolute sovereign powers. It is argued that the very fact that states are interdependent on each other for trade and economic development demonstrates that no one state can be totally independent. Sovereignty has therefore never been absolute, although legally ‘each sovereign state exercises *unlimited* territorial jurisdiction in respect of its own territory, subject only to such limitations as may be established by international customary law, treaties and the general principles of law recognized by civilized nations’.²

Since the end of World War II, we have been witnessing the second strand of the evolution of sovereign statehood: the circumscription of absolute sovereign powers. The emergence of the UN and the increasing use of multilateral treaties have come to abridge the rights of sovereign powers. The two most prominent ways in which the curtailment of sovereign powers have developed have been through conventions, particularly human rights conventions and regional integration such as in Europe. The following discussion aptly describes the process of change:

It was in 1948 that the majority of states signed the Universal Declaration of Human Rights, committing themselves to respect over 30 separate rights for individuals. As it was not a legally binding declaration and contained no enforcement provisions, the declaration left states’ sovereignty intact, but it was a first step towards tethering them to international, universal obligations regarding their internal affairs. Over decades, these human rights would come to enjoy ever stronger legal status. One of the more robust human rights conventions, one that indeed curtails sovereignty, even if mildly, through its arbitration mechanisms, is the European Convention for the Protection of Human Rights and Fundamental Freedoms, formed in 1950. Roughly contemporaneous, signed on December 9 1948, was the Genocide Convention, committing signing states to refrain from and punish genocide. Then in the mid-1960s, two covenants — the Covenant on Civil and Political rights and the Covenant on Economic, Social and Cultural Rights — legally bound most of the world’s states to respecting the human rights of their people. (Schwarzenberger 1967: 96–7)

Two of the biggest contributing factors eroding the idea of absolute sovereign prerogatives of states are globalisation and liberalisation. Globalisation and the rise in the power and wealth of transnational companies have seen the relative decline, at least in economic terms, of sovereign states. This raises its own complex set of problems, particularly with

respect to governance and the control of entities that are not accountable to any particular state authority. Although this might not be a problem in most Pacific Island states, already there are indications in some that transnational companies can have an influence on policies in a way that undermines the legitimacy of the sovereign states.

Sovereignty in the Pacific

If we accept that sovereignty signifies independence and the ability to make decisions and enforce those decisions, Pacific Island societies have been exercising sovereign powers from time immemorial. They have been doing so through their own tribal and linguistic groupings. If this were to be accepted as the form in which sovereignty has been exercised in the Pacific, this might lead to a better understanding of the complex issues of governance and the problems that have beset the region in the past few years. For it is true to say that generally Pacific Islanders do not identify themselves as being from their country until they are outside it. Even then, they will take time to explain that even though they are from this or that country, they are from this particular province or the eastern or southern parts of the country.

Attitudes towards sovereign statehood in the Pacific have been influenced largely by people's identity and this is attributable to their tribal affiliation or linguistic grouping. Thus, for instance, a Tuvaluan from the outer islands has a very different perception of governance and allegiance than a Tuvaluan from Funafuti. The same could be said of all the Pacific Islands. The idea of sovereign statehood or the state as being an instrument through which they align themselves is anathema to their notions of sovereignty. Sovereignty to them is limited to their own religious, tribal, landholding and language groups.

The idea of sovereign statehood shared by peoples of different cultural and historical backgrounds is alien to most Pacific Islanders. Moreover, to a large extent, the shades of sovereign power that are often exercised by government officials seem to belong to a different world to the majority of Pacific Islanders, most of whom live lives that are unaffected by what those government officials do or say. This poses considerable challenges for nation-building and national identity.

The wider world only recognises sovereign states that are constitutionally established. This discussion must therefore be informed by the constitutional trends that have occurred in the modern Pacific. Samoa was the first country in the Pacific to become independent, in 1962, and Palau the most recent, in 1994. There is quite a wide variety in the constitutional structures and forms of the Pacific Island states. They range from an Island kingdom (Tonga), to constitutional monarchies (Solomon Islands, Tuvalu and Papua New Guinea) and from freely associated states (Cook Islands, Niue, FSM, Marshall Islands and Palau) to republican states (Kiribati, Vanuatu, Nauru, Fiji and Samoa). There are also territories and independence movements in the Pacific that are vying for their own independent sovereign states. The West Papua movement and the Republic of Mekamui on Bougainville are just some of the examples of the continuing trends towards self-determination in the Pacific.

In many ways, the process of decolonisation continues to be played out in the Pacific. This is because the superimposition of sovereign government on peoples who have not been used to living under the influence of an overarching national authority has not worked as well as originally expected. As discussed, Pacific Islanders still see themselves as being primarily from their tribal and language groupings. One of the areas in which the original framers of many of the constitutions in the Pacific Island states have failed, has been in not acknowledging the importance of customary landholding groups and resource-owners. (The terms landholding groups and resource-owners are used interchangeably in the context of this discussion.) The failure specifically has been in not taking into account the fact that 80 to 90 per cent of all resources and land come under customary ownership. There is no traditional concept of state ownership over the majority of resources in the Pacific Islands. This is the opposite of the situation in developed countries, where most of the resources and land are state-owned and therefore the state as an entity has a far greater impact on people's daily lives than in the Pacific Island states.

In a real sense therefore, the idea that there is some supranational authority exercising power and responsibilities in a spatial jurisdictional zone is not widely accepted. Colonial subjugation and even post-colonial governments have failed to exert any real control over the way in which people control their resources and land. The only influence they have had is arguably the imposition of law and order, but even then it is debatable whether governments do in fact exert any real influence over people's daily lives and whether any obedience to governments is attributable more to the influence of churches and traditional chiefs. It is true to say that for most people in the Pacific Island states their lives revolve around the church and traditional community activities. The government's influence and impact on their lives is minimal to almost non-existent.

The process of decolonisation has reached a stage where Pacific Island states are questioning the utility and efficacy of the constitutions they were given at independence. The concentration of power away from the resource-owners has resulted in increased agitation for the decentralisation of power, control and responsibilities. Various models of decentralisation have been tried in the Pacific, albeit with little success. One of the problems with the way in which decentralisation has been planned and implemented is the assumption that by decentralising power and replicating at the provincial or local level the system of government applied at the national level, it is possible to localise the decision-making process. This is not always the case. Decentralisation must involve the empowerment of resource and landowners in a legal sense — it must involve a process that formally recognises the power and authority that traditional land and resources have always held from time immemorial. This is the latest process of decolonisation that is slowly taking place throughout the Pacific Island states.

Sovereignty and regional cooperation

The Pacific Islands are a grouping of diverse states; and Pacific Island peoples are even more diverse. The biggest challenge facing the governments of the Pacific Islands is to unite a very broad and diverse group of peoples. Regional cooperation in the modern sense has assumed importance only in the past 30 or so years, but Pacific Islanders have

been cooperating with each other for many centuries. For instance, in many of the larger islands, the coastal-dwelling people coexisted with the bush people through bartering and the exchange of food. The coastal people depended on the bush people for taro and other root crops while the bush people looked to the coastal people to provide them with fish. During the warring days, alliances were made between families and tribes for protection. Regional cooperation had a purpose, and Pacific Islanders clearly understood the importance of strength in numbers. Pacific Islanders not only exchanged goods; they understood the need to share whatever skills, knowledge and resources they had. Many of the early missionaries who served in Melanesia came from Samoa, Tonga, Cook Islands and Fiji. They not only taught the Bible, they passed on weaving skills, singing and dancing. These contacts have served to strengthen the relationships between Pacific peoples, which are built not with bricks and mortar but in their hearts and souls.

Regional cooperation therefore has had a far longer history in the Pacific Islands than most people realise. In calling for the establishment of the Pacific Islands Forum to discuss matters of mutual interest and concern, the late Ratu Sir Kamisese Mara was merely playing out on a much wider and broader scale the meetings of the great councils of elders that traditionally gathered to discuss problems affecting their communities. The forum continues to play its part in fostering the lives of Pacific Islanders in a non-interventionist, consensus-based way. The problems faced by Pacific Islanders today are, however, more complex. Not only have the traditional values of Pacific Islanders been eroded through the introduction of Western lifestyles, food and indoctrination through the mass media, their resources and bases of sustenance are threatened through exploitation by unscrupulous investors often aided and abetted by corrupt government officials and politicians.

Generally, Pacific Island states have traditionally behaved towards each other in a non-interventionist and non-provocative way, respecting each other's sovereignty. This is merely a reflection of their customary practices based on respect for one another, and abhorrence of criticism of each other. This style of conducting business has probably not resulted in any significant improvements in the quality of life enjoyed by Pacific Islanders. While there have been important measurable outcomes as a result of regional cooperation by Pacific Island states, the majority of Pacific Islanders are still insulated from the benefits of regional cooperation. This is through no fault of their own, since state cooperation operates only through state institutions, which are frequently alienated from the general populace. This raises some serious questions about sovereignty and governance. For instance, there are serious limits to what governments in the region can do. They face a lack of financial resources and an adequately equipped and skilled human resource pool. This suggests that Pacific Island states might not be as sovereign in the strict sense of the word as they would like to believe. For what is sovereignty when one is so dependent on others for development? Even though they are legally independent, most, if not all, of the Pacific Island states are dependent on aid and trade as a means of survival.

In recent years, there has been a noticeable shift in the behaviour of regional states, from a non-interventionist, pacifist approach to a more proactive interventionist posture.

The willingness of the Pacific Island states to intervene in the affairs of fellow Pacific Forum states in accordance with the principles of the Biketawa Declaration represents a fundamental shift in policy and perception. It is ironic in that traditionally Pacific Islanders have invariably been prepared to assist one another, to provide a social support outlet for each other, but as sovereign states they were shy to exercise the kinds of assistance that they would traditionally give to their kin. The shift in policy represents not only a fundamental transformation in the attitudes towards the sovereign omni-power of the state, but a reversion to long-held practices of helping one another. It is no coincidence therefore that the Regional Assistance Mission to Solomon Islands was code named 'Operation Helpim Friend', the Pidgin terminology for helping a friend, because that is essentially what Pacific Islanders and Pacific Island states have been doing for a long time. It is somewhat of a paradox that for so long since becoming independent, Pacific Island states have been hung up on principles of international law developed elsewhere, including, for example, the principle of non-intervention in the affairs of another country, even when that country is in dire straits.

Towards a Pacific Community

It is interesting to note how some commentators were quick to point out that the decision by the forum leaders to develop a Pacific Plan to facilitate 'deeper and stronger' cooperation would lead to the evolution of an EU-type Pacific region, with a common parliament and possibly a common passport. No one is arguing that eventually these things will not happen, but any assumption that they will automatically follow was quickly quashed with cautious scepticism by some of the leaders themselves, who probably see such moves as a threat to their careers! The Pacific is already a community with shared values and a common heritage linked by the vast Pacific Ocean. The Pacific separates but also joins the Pacific Island states.

With increasing uncertainty over security and environmental threats, it is more important than ever that the Pacific Island states strengthen the Pacific community and become more united. The best illustration of how Pacific Island states have benefited from regional cooperation is in the management and conservation of the region's lucrative tuna resource. This resource, which is shared by all the Pacific Island states, is the envy of vessels from powerful fishing states such as China, the United States and Japan. Without regional cooperation, these powerful fishing states could very easily play the Pacific Island states off against each other and thus take away the controls that they currently exert over the tuna resource. Although there is strength in numbers, it must be exercised carefully and used in a way that maximises mutual benefits for all the Pacific Island states and not just some at the expense of others.

There is also another good reason why the Pacific must move towards a closer Pacific community and that is because the very viability of some of the Pacific Island states is being questioned. Niue, for instance, has a population that is dwindling, threatening its viability as a nation-state. Furthermore, Tuvalu and Kiribati face a real danger of being washed under water as a result of climate change and sea-level rise. In the true Pacific spirit of assisting each other, the Pacific Island states should help these states,

which face serious threats to their existence. This would accord with the traditional spirit of helping each other.

Conclusion

Generally, humans are territorial and loathe to give away what they have enjoyed for a long time. In a way, the loss of sovereign powers enjoyed by traditional leaders and ceded to a central government elected through universal suffrage is being played out also at the regional level. There are increasing moves to bring the Pacific Island states closer together in a way that circumscribes the absolute sovereign prerogative of states. In some ways, the Pacific Island states are merely continuing historical trends. In the 17th century, the different kingdoms in Europe evolved from the Middle Ages to become sovereign states; by the 1940s, the move towards the circumscription of absolute sovereign powers was set in train. It is still being played out with multilateral institutions now becoming an important factor in influencing state policies.

The Pacific has not been immune from these trends with important developments taking place in the past five years, which have significant implications for their sovereignty. The Pacific Islands Countries Trade Agreement (PICTA), the Pacific Agreement on Closer Economic Relations (PACER), the Treaty on Fisheries between the Governments of certain Pacific Island states and the Government of the United States, and the Pacific Islands Air Services Agreement (PIASA) are only some of the agreements in which individual Pacific Island states have ceded some aspects of their sovereignty to cooperative regional action. As argued in this paper, the notion that there is some limit to sovereignty is not new to Pacific Islanders. The nationalist argument that this is 'our sovereignty' and therefore no one else can have a say or do anything about it is totally out of step with international practice.

The major impetus for rethinking sovereignty in the Pacific Islands region, however, should be the common good and welfare of Pacific Islanders. If rethinking sovereignty will lead to a better quality of life for them, so be it.

Notes

- 1 *Island of Palmas Case (Netherlands v. USA)*, Permanent Court of Arbitration 1928, Sole Arbitrator Huber, 2 R.I.A.A. 829.
- 2 See George Schwarzenberger, 1967, *A Manual of International Law*, London: Steven and Sons. pp. 96–7.

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Part Four

FINDING PACIFIC SOLUTIONS: SOME PACIFIC VOICES FROM ACROSS THE GENERATIONS

State, Nation and Community – Strength Through Cooperation

Sir Mekere Morauta

IN 1973, WHILE WORKING as an advisor to Papua New Guinea's Constitutional Planning Committee, Professor Ted Wolfers described Papua New Guinea as 'a state in search of a nation'. *State* and *nation*. Those two words still reverberate across the breadth of the Pacific.

The context is often not a pleasant one: 'failed state', 'troubled state', 'chaotic state', 'dependent state', 'Third World State', and so on. All of us are aware of the political, economic, social and environmental struggles that bedevil all corners of Oceania in one form or another. All of us seek solutions, but it seems to me that our search is limited by the highly formalised, structured way in which we see ourselves.

Our struggles are dealt with largely in the context of state and nation. Perhaps we need to think about a new way to regard ourselves, and a new way for the world to regard us. This publication, *Pacific Futures*, is therefore timely.

Pacific states are no longer isolated islands. Forces of globalisation are, on the one hand, threatening the economic survival of islands, and, on the other hand, offering a range of opportunities that Pacific states could take advantage of to their benefit. As individual states and nations, we are not in a position to withstand the threats or benefits. So what do we do?

It seems to me that we need to act as a Pacific community — work with each other, help each other, especially in trade, in the exchange of information, the sharing of ideas and in the sharing of institutions. We need to work together to find common solutions to problems, and together take advantage of opportunities.

Is it not possible for Pacific countries to define clearly the areas where greater cooperation could be achieved?

Example: apart perhaps from Papua New Guinea and Fiji, there are many fields of specialised training that individual countries cannot afford to pursue on their own —

engineering, aviation, maritime, medical, dentistry, allied health disciplines such as physiotherapy, speech therapy, occupational therapy, sports medicine, and so on.

We should therefore work together to establish regional institutions for such training, or at least institutions to which all Pacific countries have access, and whose training is given accreditation by all Pacific countries.

Such a concept could be supported by Australian and New Zealand aid programmes. Australia and New Zealand should ensure that they do not fund institutions that duplicate each other, but instead greater economies of scale could be achieved by focusing on one or two regional institutions in a particular discipline.

Similarly, I see a role for the Pacific Islands Forum in conceiving, coordinating and promoting areas for cooperation.

It is only by working together that Pacific Island states will collectively strengthen as a region and successfully face the threats of globalisation and environmental degradation, as well as benefit from the opportunities of greater access to the wider world.

State, nation, community: the search continues.

Responding to Contemporary Forces Transforming the Pacific

Judge Tuiloma Neroni Slade

DEFENDING OUR HOME is the defining challenge for the Pacific. We inhabit vast areas of the world's largest ocean. We have rights, but also responsibilities. Once bountiful, the Pacific Ocean, like many others, is under severe environmental stress. We need to work for its protection and for the conservation of its resources. It is salutary, and timely, that we have agreed on a Pacific Islands Regional Oceans Policy for integrated policies and to set clear targets.

In the past 30 years or so, Pacific states have been second to none in their efforts to develop and settle international rules for the order and governance of the world's oceans and seas. The Pacific contribution¹ is widespread and internationally acknowledged. Today, some of our finest diplomatic and legal talents are at the forefront of the important work of the International Seabed Authority and the development of management rules for tuna stocks in the western and central Pacific.²

The ocean must remain a special challenge, in part because of the extraordinary opportunities that will come with scientific advancements and the potential for commercial use of ocean-floor minerals and possible new energy sources. It would be an advantage if countries of the region and their institutions of learning, and entrepreneurs, were as advanced in their engagement and preparations in anticipation of such developments.

Pacific states must be as resourceful and innovative on ocean-resource issues as they have been on serving the sea-transportation needs of the region. Almost against the odds, the experience of the Pacific Forum Line has been a resounding success. That would not have been possible without political vision and leadership. One clear lesson from that experience was that beyond a certain point in the involvement of public servants, such a specialised commercial venture needed to be in the hands of the professionals. It is a lesson well worth remembering for the future.

On matters of security, Pacific states have been solidly united by their declarations³ and persistent in their efforts, before the International Court of Justice⁴ and elsewhere, to

keep the region nuclear-free. They have continued to develop substantive positions in the context of the Non-Proliferation Treaty, including the notion of a nuclear-free southern hemisphere. Pacific states acting in common, by their choice of issues and the quality of their advocacy, command considerable attention and impact at the international level. It is capital of the highest value in the exercise of our multilateral strategies.

Other major challenges mount within our Pacific home environment. Climate change is a particular concern because of its already evident consequences and multifaceted impact on sustainable development efforts, and more particularly for the difficulty in finding international agreement on the required responses. In the international debate, the smaller island states have helped to focus attention on issues of vulnerability and cultural and ethical dimensions. It is important that they be supported. It is important also to own up to the fact that all countries, large and small, developed and developing, contribute to the global causes of climate change. All countries should now take steps, no matter how small, towards long-term solutions.

Today, Pacific communities and their economies and social values are also being challenged by ever more serious and particularly insidious criminal activity in the form of trafficking in humans and drugs, the trade in small arms and global terrorism. The oceanic vastness of the region makes the task of policing and securing the borders almost impossible.

Finding solutions — never easy for so diverse a region — is a challenge in itself given the array of competing and complicated issues. There is no shortage of ideas; no lack in fine words and declarations. What is needed, as Kofi Annan, the UN Secretary-General, has so often said, is better understanding of how to translate principle into practice, how to make institutions (all of us) and instruments (like the Pacific Plan) work or to work more effectively.

The improvement of capacities and of health standards will stand always as a first priority, for it is impossible to develop a nation without a healthy and well-trained population. We know of the 'poverty of opportunity'⁵ that exists in our region, especially among youth and women. The Pacific Plan approved by the Pacific Islands Forum in Apia in August 2004 draws attention to this. We want to be sure that solutions are geared to needs and priorities, and that practical and prompt action is taken. We must avoid the alarming discrepancy that so often lies between commitment and action.

Solutions will not always be within the capacity of individual states, especially given the complex and transnational character of major problems. But allowing for the all too tempting prospect of solutions from elsewhere is a danger in itself. More often than not, the true power of correction lies within states.

There cannot be any illusion about the enormity of the challenges confronting the Pacific. This publication highlights major concerns. Many of those addressed in early chapters are long-standing and among the basic issues raised in the independence constitutions. They would be best left to the traditional and constitutional arrangements of each community. That they remain current concerns speaks to their fundamental importance to communities and the difficulties of finding solutions. Other issues addressed are as complex, if not more so, for the problems are conditioned by contemporary forces,

which are today transforming our modern world, and the Pacific, as never before. Together they present a most formidable set of challenges for individual states and for the region as a whole.

But the Pacific is not a stranger to challenges. It is at its best when its communities act together. The forum exists to rally the regional instinct, what has become known as the 'Pacific Way'. Much has been tackled and much achieved, but a great deal more for the improvement of the human condition and human rights needs to be done. The institutions for regional interaction and cooperation are in place. Each, including the forum itself, requires continuing reform and strengthening. It is submitted that by any standard Pacific states can claim credentials of the highest order for their endeavours in regional cooperation and for supporting each other.

Having a strong and effective state, accountable under the rule of law, is the first requirement of democracy and development. It is the political ambition of people all over the world. This was the pledge of the Millennium Declaration endorsed by all Pacific states. It is a requirement that lies at the heart of the 'way forward' under the Pacific Plan. It is essential to have the law on our side. The rule of law in the affairs and conduct of states is of paramount importance to the countries of the Pacific. Fundamentally, it is the force that motivates our endeavours regionally and internationally. The weak and the small have a larger stake in the rule of law than do the strong and powerful. Ultimately, for Pacific states, the law is the most effective protection.

Notes

- 1 To, among others, the negotiations of the UN Convention on the Law of the Sea, 1982; in the establishment of the Forum Fisheries Agency in 1984; the UN Agreement relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Species, 1995; the development of FAO standards on compliance in high-seas fisheries and other related practices; and the UN Informal Consultative Process on Oceans and the Law of the Sea.
- 2 Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean, 2000.
- 3 The Pacific was declared a nuclear-free zone under the South Pacific Nuclear Free Zone Treaty, signed in Rarotonga, Cook Islands, in 1985.
- 4 See, for example, Roger S. Clark and Madeleine Sann (eds). 1996. *The Case Against the Bomb*. Camden.
- 5 *Pacific Human Development Report 1999*.

Towards a Pacific Community

Rt Rev. Jabez Bryce

THE PACIFIC CHURCHES came together for the first time in Samoa in 1961. The Pacific Conference of Churches was constituted in 1966 to coordinate the churches' witness as a community in the Pacific region. Now many of these churches have become autonomous bodies, independent of their former mission boards and parent churches. Leadership in the churches in the region is in the hands of indigenous people of the Pacific Islands. Lay people who hold leadership roles in the churches were and are the same folk who are decision-makers in their respective governments and societies. As a body, the church still has an influence in Pacific societies and its capacity to have a bearing on the lives of people in urban and rural areas is still considerable.

My personal thoughts about, hopes and fears for the region's future stem from my experience and involvement in ecumenical engagements in the Pacific Conference of Churches.

First, I believe the churches need to be relevant in order to make their influence in society meaningful. It is no longer adequate to cling to traditional church structures and ways of worship if they are not relevant to the worshipping community and the everyday challenges facing society. To prepare Pacific Islanders for the future, the church needs to train and equip its clergy, and laity, to be well informed about issues — social, economic, political, judicial, etc. — that affect them. The coups in Fiji, the civil unrest in the Solomons, the upheavals in Bougainville, the rumblings in Tonga, New Caledonia and Tahiti, the economic problems in Nauru, the prevalence of HIV/AIDS in the region — these are concerns that the churches need to address together with the various island governments. Churches need to be well equipped to give quality and intelligent biblical and theological advice and direction and not simply preach on moral and ethical grounds.

This calls for a revisiting of training in theological institutions so that they are relevant for today's developments. Globalisation, technology, youth culture, human sexuality and terrorism, to name only a few, are realities of life today. The churches need to be up and running with society in finding solutions to living within the tension of some of the challenges brought about by these realities.

Secondly, churches in the Pacific have great influence not only in the decision-making processes in urban areas but further afield. The church is the one institution that touches the grassroots people in rural communities on a day-to-day basis. It is therefore vital for the future of a Pacific community to encourage the church to examine its role. While the church's role of providing spiritual direction remains its most vital task, there needs to be more encouragement to engage in everyday human encounters. The stress and pressures of everyday life in the 21st century demand new approaches and coping mechanisms that can guide and assist people. Many Pacific Islanders still look to the church to provide direction that is relevant and meaningful to what is going on around them. Churches have to understand present trends and evaluate the sociopolitical changes that are happening in the region. They need to develop a critical sense of what is right and what is wrong for their people. They need to be relevant and have a vision of their goals and objectives in this life and not just faith for the life to come. They can start now by making issues of justice, peace and integrity of creation just as important as the energy and time devoted to worship, teaching from the Bible and moral and ethical issues.

The Future for the North Pacific

Robert A. Underwood

THE FUTURE OF THE ISLANDS north of the equator is shaped by the area's continuing strategic utility. Being close to potential conflicts in Asia that could pit millions of people against each other and knowing that the results of that conflict will reshape the entire Pacific, forces Pacific Islanders in the North Pacific to take a sobering and realistic view of security and the prospects for a peaceful Pacific.

We could see this in two ways. Acting as a kind of buffer zone, North Pacific Islanders are doing their part to keep international conflict out of the South Pacific. This has historically been the case. Even in World War II, the action north of the equator was of greater consequence to the prosecution of the overall effort against Japan than the battles in the South Pacific.

From a peace activist point of view, the words 'Pacific' and 'pacifist' could not be more distant from each other than they are in Micronesia. Continuing missile testing in Kwajalein, a \$10 billion military infrastructure in Guam, Ulithi as the site of pre-positioned ships and the participation of the freely associated states in the US' Coalition of the Willing in the war in Iraq all point to vigorous participation in security matters for Micronesians.

The lesson of strategic value for the North Pacific is that great powers will continue to behave as great powers have in the past. When their interests are at stake, they act and small islands can do very little in response other than to take advantage of their strategic value for internal, domestic purposes. US economic assistance in exchange for political support by the independent countries (FSM, Palau and the Marshall Islands) and economic activity sparked by military presence for the territories (Guam and the CNMI) comprise the current political-economic field of play for North Pacific Islanders.

The poor man's counterpart to this is the attempt by some South Pacific Island nations to lay claim to an anti-terrorism agenda in order to secure some forms of assistance from larger nations. This is an agenda driven by the United States and, in a similar way to Micronesians, although far less lucratively, the South Pacific Islands are trying to take advantage of the concerns of larger nations to benefit local priorities.

For those who do not wish to become part of agendas driven by powerful nations in

the world, the only strategy is to behave like a Pacific lobster. These lobsters have no natural defences and no bite in the form of claws. They hope that if they lie still, they will blend in with their surroundings and their predators will just move on and pick some other lobster. This approach has historically kept some of the South Pacific states out of the clutches of the world powers, but all of the North Pacific has been scooped up at one time or another.

In this environment, the emergence of regional organisations such as the Pacific Islands Forum can fall prey to larger agendas. As a kind of union of Pacific lobsters, there might be little collective bite since none of the delectable creatures have any claws. But most continue to hope that regional awareness, identity and dialogue can lead to something more substantial and unique.

The chances of setting a unique agenda that is entirely divorced from the concerns of larger powers are minimal. But there is nothing to keep the entire Pacific region from developing a common agenda that will highlight more regional and domestic concerns. This will take special effort and understanding from fellow Islanders south of the equator. The American-affiliated portion of Micronesia is comprised of two domestic territories and three freely associated states. They are part of their own networks in Micronesia and through various programmes managed by the US bureaucracy. Additionally, there is nothing to indicate that the United States is favourably disposed to regionalism independent of its influence.

Cultivating a regional identity, let alone developing a common agenda, is beset with difficulties. But with special understanding and continuing dialogue through the Pacific Islands Forum and the Pacific community, the contacts will increase. The Pacific Islands Forum should establish observer status for territories and facilitate the participation of those territories. Regional activities should always include North Pacific participation even if it is sometimes minimal.

Embracing a Culture of Human Rights in the Pacific

Gina HOUNG LEE

IN THE MIDST of post-conflict reconstruction, in the midst of increasing poverty, against the backdrop of environmental problems and in the arena of increasing urbanisation, what can we in the Pacific hope for?

In my 10 years' experience working in the area of women's human rights, I became convinced that our focus has to be with the people — and the people I've worked with have given me inspiration and the strength to continue working in this area and to stay in the Pacific, while many other Pacific Islanders migrate to New Zealand and Australia. I also remember the advice of a close friend of mine who challenged my thinking and my work when she said, 'Being in a position of privilege gives us even greater responsibility to work for those who are not.'

My first hope is to build a culture of human rights that is integrated into everything we do. The second is that Pacific people will invest sufficiently in their home countries and communities.

Let me start with human rights and culture. Most of our human rights are protected under our Bills of Rights in Pacific Island constitutions. Fiji is the only Pacific Island country to have a national Human Rights Commission. But how do we make human rights a reality? How do we translate the ideals and rights from our constitutions into our everyday lives?

We start with small changes; we start with everyday challenges. Our first weapon is education: education that allows us to think for ourselves but also to think with our culture as the foundation. My experience of our education system was one based on respect for teachers, that the teacher was always right. Enforced respect for authority can be a good thing, but it can also hamper creative thinking because it does not encourage us to challenge established ideas. More inquiring and creative thinking needs to be encouraged.

Part of my core work has involved working with legal rights training officers and community paralegals to advocate for change — whether helping a woman obtain maintenance for her children, helping a community group obtain access to clean drinking water, or challenging the government to be more accountable and transparent

— all this within a rights-based framework. The work of such people is unrecognised and its long-term impact is hard to measure. But in my meetings with men and women from the Pacific, I feel personally empowered by community action and the work being done in pursuit of a common good, searching for justice and for change that matters.

Community human rights workers are constantly challenged. Inevitably, they make leaders and our Pacific community uncomfortable. And, in making people uncomfortable, they can be subjected to social ostracisation. But no human rights work is comfortable. Many non-governmental organisations face the challenge and are seen as troublemakers, as a nuisance by government. One of the key challenges is delivering the human rights principles of equality, non-discrimination and freedom against a backdrop of conservative Pacific Island cultures.

For example, when calling for changes to allow women to participate in village meetings, a common response is that men should make all the decisions, that that is our culture. But human rights educators have to challenge the myth that culture is static. They have to argue that culture and custom are influenced by social, political and economic changes. Indeed, in the Pacific, even in some of the remotest areas, there is access to the Internet. Access to print and regional and global news constantly influences our thinking. A way of working around this is to work with the main community leaders such as church leaders. This can be an advantage, because our communities are so small, and everyone is related or connected somehow. I am always impressed with the way social networks, links and connections are used successfully by human rights workers seeking solutions to community issues.

There is often fear that change will bring about disharmony and disunity. But a human rights approach asks us to look at our culture and customs to see if things are unfair and unjust and how we can make changes that will ensure everyone benefits — and that people within our communities are not being denied their rights.

The dream is to forge a human rights culture that embraces our own cultures but also allows us to question cultural practices that might deny rights; that comes from the heart but is practised in the law; that focuses on the essence of the ideals of the Pacific but can translate into people enjoying fundamental rights.

My second hope is with Pacific people and the challenges to their everyday lives. It rests with people who have travelled and been educated locally or abroad but who return to their roots with a commitment to work with communities in their home countries.

A close friend of mine, a former finance manager, worked in an executive position in a corporate firm. She inspires me. After many years of working her way up the corporate ladder, she made a change to go back to her husband's village and her own village in their home island to start a coconut-oil exporting industry. Her concern was the lack of opportunities in their respective villages. Her drive was the need to help her own people through working the land. She firmly believes that those who have an advantage must go back to the villages or the communities they come from and help work with the people. This is the future of the Pacific.

The Pacific voice must be heard — we have to let it be heard if we want change. Human rights can liberate and empower, ensuring that people make decisions because they are informed and not because they have to listen and obey.

There is Hope for the Future

Transform Aqorau

AS I DROVE TO WORK on Thursday 11 November 2004, hundreds of schoolchildren were lined up outside the Lawson Tama Stadium, ready to march to the beat of the Royal Solomon Islands Police Force Band. To celebrate International Children's Day, the children were marching to Town Ground, where they would be met by a government minister who would give the usual speech about how government gives priority to children. I could not help wondering about the future of these children. Only the day before, the local newspaper, the *Solomon Star*, had published a two-page story about a \$SI70 million grant from the Government of Taiwan, which listed the grant's beneficiaries, into whose accounts the money had been paid. In addition to a few government ministries, most of the beneficiaries were politicians. What hope is there then for today's schoolchildren, who marched to honour International Children's Day, if political leaders are interested only in helping themselves? In an interesting twist, the Prime Minister of Solomon Islands issued a stinging attack against the editor of the *Solomon Star* in the 11 November 2004 edition of the *Star*, accusing the editor of mounting a campaign to oust him from office. It is even more worrying when political leaders talk about transparency and accountability but pay only lip service to it in practice.

The behaviour of our political leaders often reduces people to despair, but I would argue that we can all build a better future for ourselves. Where better to start than with the schoolchildren who marched on that November morning? It is said that we are only borrowing today from our children, so why can't we involve those whose future we have borrowed to help build that future today? The youth of today should by now realise that if current political leaders are not going to establish a secure future for them, they should take the initiative to map out their future. Politicians do not have a monopoly on creative ideas and vision.

In May 2004, I was asked by a group of Solomon Islands students at the University of the South Pacific to address them at their Tokstori Friday Discussion Group. The turnout was rather small considering the large Solomon Islands student population at the university. Nonetheless, I was keen to share a message of hope. A few days earlier, a Solomon Islands student journalist had asked me what I thought about the number of

university graduates who could not find paid employment in Solomon Islands. My message was that graduates had to get away from the mindset that the only place where they could fully make use of their skills and qualifications was in the formal sector. The biggest challenge facing the Pacific Islands is harnessing the informal sector, where the majority of Pacific Islanders earn their living. There is no reason therefore for graduates not to work with rural people, sharing ideas with them, explaining how government works so that they cannot be easily fooled by politicians. In other words, if we want a happy and bright future for ourselves and our children, we must strive to take action without waiting for politicians to do things. Too often, one hears the comment that the government should fix this, or do that, or build this, etcetera. We have to move away from a dependency mentality. We cannot do so, however, unless we realise that no one else will give us the kind of future that we crave and strive for.

The future I would like to see is one in which there is a 100 per cent literacy level. I want to see universal primary and secondary education for everyone — boys and girls, men and women — and even adult education offered so that there is a continuous flow of information, imparting knowledge and skills. Education is the key to ensuring that we have a high level of skills and expertise to attract the kind of investment that is not exploitative, such as logging, but which is dependent on high skill levels, such as the manufacturing of computers and putting together cars. A highly skilled and knowledgeable population will be able to attract high-technology investment.

I want to see a future in which resource and landowners are empowered so that they can utilise the rights that they have to their resources in ways that can improve the quality of their social and economic wellbeing. Most of the natural resources in the Pacific Islands are subject to customary ownership but somehow translating those rights to generating wealth that can improve living standards has been elusive. This is because Pacific Island states have pursued economic development models that alienate rather than enjoin the resource and landowners in development. The lessons that have been learnt in Bougainville and Solomon Islands are very important for the Pacific Islands. These conflicts have informed us that we would isolate resource and landowners from development at our peril.

I want to see a future in which a certain proportion of members of parliament are women and youth. They are such an integral part of society that it is almost ridiculous that they have been marginalised in the decision-making processes in most of the Pacific Island states. I want to see a future in which political leaders are held accountable for their actions and are truly representative of the electorate. This means that what they do reflects what their constituency desires. This will have implications for the way the business of parliament is conducted. It must be done in a more transparent and open way.

It is not at all difficult for the Pacific Island states to establish a bright future for themselves. First of all, we must have a vision, a goal, that in 20 to 50 years, we want to be able to live to a certain standard of living; that by that time we will have a well-educated population, with 100 per cent literacy levels, with access to clean, safe drinking water, where food security is ensured through sustainable farming and fishing practices,

and where the population is healthy. Without this vision, there is nothing to work towards, there is no hope. I *am* hopeful, because there is no hopeless situation, just people who have become hopeless. There is a saying that problems are just opportunities; opportunities to resolve them. As we stand at the beginning of the 21st century, we have an opportunity to do things differently, to learn from the mistakes of the past, and to chart a course for a bright and hopeful future.

Acronyms and Abbreviations

ACP	African, Caribbean and Pacific States
ADB	Asian Development Bank
AIDAB	(<i>now</i> AusAID) Australian International Development Assistance Bureau
ANU	The Australian National University
ANZAC	Australia and New Zealand Army Corp
ANZUS	Australian, New Zealand and United States
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASPI	Australian Strategic Policy Institute
CARICOM	Caribbean Community and Common Market
CBA	currency board arrangement
CC	Constitutional Commission
CCOP/SOPAC	Committee for the Coordination of Offshore Prospecting/South Pacific
CIS	Centre for Independent Studies
CNMI	Commonwealth of Northern Marianas Islands
CROP	Council of Regional Organisations in the Pacific
DAC	Development Assistance Country
DAWN	Development Alternatives with Women for a New Era
DWFN	distant water fishing nation
ECCU	Eastern Caribbean Currency Union
ECP	Enhanced Cooperation Programme
ENSO	El Niño-Southern Oscillation
EPA	Economic Partnership Agreement
EPG	Eminent Persons' Group
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
FAGASA	New Zealand Samoan Language Organisation
FAO	Food and Agriculture Organisation
FARMS	Foreign Agricultural Resource Management Services
FFA	Forum Fisheries Agency
FICs	Forum Island Countries
FSM	Federated States of Micronesia

FTA	free trade agreement
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross National Income
HRPP	Human Rights Protection Party
IGO	intergovernmental organisation
ILO	International Labour Organisation
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPO	Interdecadal Pacific Oscillation
JICA	Japanese International Cooperation Agency
MIRAB	model migration (MI), remittances (R), aid (A) and a large bureaucracy (B)
NCDS	National Centre for Development Studies
NFIP	Nuclear Free and Independent Pacific Movement
NGO	Non-government Organisation
NUS	National University of Samoa
NZAID	New Zealand Agency for International Development
NZMFAT	New Zealand Ministry of Foreign Affairs and Trade
OCA	optimum currency area
ODA	overseas development assistance
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
PACER	Pacific Agreement on Closer Economic Relations
PANG	Pacific Network on Globalisation
PBEC	Pacific Basin Economic Council
PCRC	Pacific Concerns Resource Centre
PECC	Pacific Economic Cooperation Council
PIASA	Pacific Islands Air Services Agreement
PIC	Pacific Island Country
PICTA	Pacific Island Countries Trade Agreement
PILOM	Pacific Islands Law Officers' Meeting
PIPA	Pacific Islands Producers' Association
PIREP	Pacific Islands Renewable Energy Project
PNGLRC	Papua New Guinea's Law Reform Commission
PPEC	Pacific political and economic community
RAMSI	Regional Assistance Mission To Solomon Islands
RBA	Reserve Bank of Australia
REER	real effective exchange rate
SAT	substantially all the trade
SOPAC	South Pacific Applied Geoscience Commission
SPC	South Pacific Commission

SPCZ	South Pacific Convergence Zone
SPEC	South Pacific Bureau for Economic Cooperation
SPOCC	South Pacific Organisation's Coordinating Committee
SPREP	South Pacific Regional Environment Programme
UNCCD	UN Convention to Combat Desertification
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNEP	UN Environment Programme
UNFCCC	UN Framework Convention on Climate Change
USP	University of the South Pacific
VAGST	Value Added Goods and Services Tax
WHO	World Health Organisation
WTO	World Trade Organisation

Notes on Contributors

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Founding chairman of New Zealand's Pacific Cooperation Foundation, Michael Powles was formerly New Zealand's ambassador to the United Nations and before that to China. Earlier, he lived and worked in the Pacific, including as a child in Samoa, as New Zealand's High Commissioner to Fiji, Kiribati, Nauru and Tuvalu and worked on human rights issues.

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