

Sharp electoral reverse in the Cook Islands

A correspondent
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A new coalition government was installed in the Cook Islands last week following a heavy defeat for the ruling Cook Islands Party in the June elections. The result is the second significant electoral reversal in Pacific Islands politics in as many months, with the Fijian Labour Party having earlier swept former coup leader Sitiveni Rabuka from office.

The Cook Islands result, while not as decisive as that in Fiji, is a major setback for Prime Minister Geoffrey Henry, who has ruled the tiny Pacific state since 1989. The Cook Islands Party (CIP), which won 20 seats in the 25-seat parliament in the 1994 elections, has seen its share of the vote cut virtually in half. Henry expressed great “surprise” at the loss of seven seats that he had considered safe.

None of the main parties will have a majority in the new parliament. On the current count, the CIP will hold 11 seats, the Democratic Alliance Party nine and the New Alliance Party four. The result in the one remaining seat was tied, and will be decided by a judicial recount or a by-election.

The coalition agreement will see the CIP retain office with the New Alliance Party, led by former New Zealand policeman Norman George, holding the balance of power. George will become Deputy Prime Minister, and his party will hold two cabinet posts in the six-member cabinet.

The election night returns had initially indicated an even worse result for the government, with the Democratic Alliance Party looking as if it had won at least 11 seats. However the results of five marginal seats, decided by special votes counted during the past week, enabled the CIP to pick up several seats by the narrowest of margins. Former CIP cabinet minister Tepura Tapaitau retained his seat by just four votes.

The loss of support for the ruling party comes after a three-year austerity program, set against the most serious economic crisis the country has experienced in its 33 years of self-government. Henry admitted that the result showed that people were “not happy with what has happened over the past three years”. He maintained that the government “had no choice” over the measures it had introduced, and that “it was the right thing to do”.

However, the social impact is starkly revealed by the accelerating population flight, as Cook Islanders leave to seek a better future in New Zealand and Australia. In the past year alone, the population fell by 13 percent, with some 2,500 permanent departures. Three years ago, the population was 20,000, but has dropped to 16,500.

As part of its assault on jobs and living standards, the Henry government has virtually destroyed the public service. In 1996, the government declared bankruptcy, citing \$120 million in public debts. This became the signal for across-the-board salary cuts in the public service, the country's most significant employer, followed by the slashing of the number of public sector jobs by more than two-thirds. Over the following two years 2,000 civil servants were retrenched as the number of ministries was reduced from 52 to 22. At the same time, the government embarked on a program of selling state assets and the national budget was reduced from \$NZ78.8 million to \$NZ44.3 million.

The vulnerability of the various Pacific Islands nations to the recent international economic turmoil is a product of the fragile nature of these

tiny economies, which combine underdevelopment and poverty with the continuing legacy of colonial domination. The reality of life on the vast majority of these islands belies the idyllic images portrayed in the tourist brochures.

The Pacific region was widely explored and settled by the Polynesian peoples well before 1,000 AD. European exploration in the seventeenth and eighteenth centuries, led by Tasman, De Bougainville and Cook, opened up the Pacific to commercial activities such as trading, whaling and eventually, and, as in New Zealand, European settlement. Between 1850 and World War I, a competitive scramble between the imperialist powers saw the governments of Germany, United Kingdom, France, Spain and the United States claim various island groups as colonies or protectorates.

Major business interests expanded into the region. Goddefroy of Hamburg and Burns Philp of Sydney were active in establishing control of shipping, trade and plantation development. In New Zealand, money was to be made by selling land, which had been confiscated from the Maori following the colonial wars of the 1860s and 1870s, for farming and settlement.

Australia and New Zealand, after gaining self-government from Britain at the turn of the century, became minor imperial powers in their own right in the region. Given the opportunity, these new powers demonstrated they had learned well from their British teachers how to operate brutal colonial administrations.

The clearest example was Samoa. With the outbreak of war in 1914, a joint Australian-New Zealand naval expedition was sent to what is now Western Samoa to end German control. This was quickly achieved, and a New Zealand military occupying force installed, the beginning of a colonial regime that lasted for the next 50 years.

For the people of Samoa, it was a bitter experience. An influenza epidemic in 1918, which killed almost a quarter of the island population, was directly attributable to the indifference and incompetence of the New Zealand authorities in both Auckland and the Samoan capital, Apia. The colonial authorities were racist and dictatorial, employing methods such as deportation and internment without trial. Chinese workers were imported to work the fields under slave labour conditions. Inter-racial marriages were banned.

When a popularly based Samoan independence movement—known as the *Mau*—appeared, it faced repeated repression. In the 1929 “Black Saturday” massacre, New Zealand police opened fire with rifles and a machine gun on a peaceful demonstration led by several Samoan chiefs, killing nine demonstrators and wounding another 50.

Following this incident, the colonial administration in concert with the New Zealand government, continued the reign of terror with a warship and spotter plane sent to Apia, indiscriminate village searches and at least one more shooting. When a decision was taken to reinforce the troops with a 246-strong unit of military police, the NZ Seamens Union declared it would ban any ship carrying the “black and tans” who, it said, were out to “terrorise the Samoans by force of arms”.

The Cook Islands, situated in the mid-Pacific between Hawaii and New Zealand, were annexed by the latter in 1901. New Zealand rule of the

Cooks is regarded by historians, somewhat generously, as more benign than that which prevailed in Samoa, and was characterised by a mixture of neglect and paternalism rather than outright oppression. Nevertheless, within 10 months of annexation a stipulation that Cook Island land rights would be observed was already being repudiated.

Throughout this century, trading relations have been dominated by New Zealand businesses, which for decades held a monopoly on Cook Island exports, particularly the fruit market. During the 1930s, Cook Islanders suffered great hardship when the price of produce was forced down in New Zealand, to less than one-third of 1925 prices. Throughout this time, the island economy has also been at the mercy of the big shipowners.

Particularly notable is the fact that Cook Island workers have a long history of being among the most exploited and poorly paid of all the island populations. At the end of World War I, waterside workers in the Cooks were receiving wages 25 percent lower than the going rate elsewhere in the Pacific. It was cheaper for the Union Steamship Company to carry Cook Island wharf labourers on their ships than pay the higher rates at other Pacific ports.

In 1947, waterfront workers at the port of Avarua struck against their low pay. Their rate, 6 pence per hour, had not changed for more than 10 years, right through the period of New Zealand's first Labour government. Indeed, their pay had not significantly altered in the 46 years since annexation. Avarua was notorious as both the most dangerous port in the Pacific and also as the one where wages were the lowest. While wharf labourers were being paid 6 shillings an hour in Suva and Apia, the Cook Island strikers were fighting to raise their rate from 4 shillings and 6 pence for a 9-hour day to 8 shillings for 8 hours.

In another case, 320 workers, mostly female machinists, at a sandal-making workshop on the main island of Rarotonga, were paid in plastic discs that could only be spent in Watson's United Traders, one of the partners' stores. Any skilled machinists attempting to escape to work in New Zealand were prevented from doing so by an arrangement between the employer and the Union Steamship Co. that kept them permanently on the end of the ticket queue.

Nor did Cook Island workers fare any better in the hands of the New Zealand unions. In 1918, 16 Cook Islanders were expelled from the NZ Seamens Union in an attempt to maintain a racist color bar. In 1947, New Zealand union officials were instrumental in a plan to set up a government-recognised union in opposition to the islanders' own Cook Island Progressive Association, which was leading the strike movement for better wages. At one point the Stalinist head of the NZ Federation of Labour, F. P. Walsh, directed New Zealand seamen on board the vessel *Wairata* to break a waterfront strike, claiming that there was no such thing as exploitation of Cook Island native labour. He told the seamen this was because "Cook Islanders work co-operatively for themselves and, at a pinch, can live independently of money".

Even today, the Cook Islands does not have full, formal independent status. Since 1965 it has been self-governing in "free association" with New Zealand. The Cook Islands government is responsible for internal affairs, while New Zealand retains responsibility for external affairs and defence. Its economy, with a Gross Domestic Product of \$NZ79 million, is characterised by dependency. The main agricultural base and exports lie in copra and citrus fruits, while manufacturing is limited to fruit processing, clothing and handicrafts. The currency is based on the New Zealand dollar.

Throughout the past decade, the country's external debt ballooned. Early in the 1990s, exports were running at an annual value of \$42 million per year, while imports were double that at \$85 million. Trade deficits were often made up by money sent back home from emigrants and by foreign aid, principally from New Zealand. However, aid packages would often come with strings attached, such as requirements that it be spent providing business to New Zealand companies.

By the beginning of 1999, the country was no longer able to pay off its debts to overseas banks and financial agencies. The debt burden, at 78 percent of GDP, placed the country in the same category as some of the Eastern European economies, such as Bulgaria. The total face value of interest bearing debt had risen to \$NZ200 million. With its own fiscal position extremely weak and its reserves representing only 5 percent of revenue, the government implemented a major debt-restructuring program. In the end, creditors wrote off \$73 million, and additional concessions have finally brought the restructured debts down to \$77 million.

Over the recent period, in order to find ways to extract the country from its mire of debt, the government has increasingly turned towards high-risk and dubious ventures in the international financial markets. These have included establishing a tax-haven base for offshore businesses, through to registering two Internet casinos from which the government draws five percent of the net winnings. In 1986, former premier Tom Davis made an offer of asylum to Ferdinand Marcos in an attempt to set up a scheme to launder some of the millions Marcos took with him from the Philippines.

The extent of the exposure of the national economy to international predators was most recently revealed in the case of the Sheraton Hotel project, which became a national scandal. In an attempt to broaden the tourism base, the government underwrote a project to build a 200-room luxury hotel for the Sheraton chain. Unable to obtain a loan through the usual international channels, the project was begun on funding secured through Italian financial circles.

The project was abandoned halfway through construction when the Italian-based partners in the venture were rounded up in an anti-Mafia drive and arrested along with hundreds of other business leaders with organised crime connections. The Sheraton group pulled out of the disaster, leaving the Cook Islands government with a liability of \$121.6 million on the project—a figure amounting to over half the total government debt at the heart of the restructuring program. The recent sale of the unfinished hotel to a joint Japanese and Honolulu hotel consortium has been seized upon by media commentators as the single event that "might save the Cook Islands economy".

The country's tax haven operations were also at the centre of a major political scandal in New Zealand, known as the "Winebox Affair". The scandal erupted prior to the 1996 elections on the basis of material tabled in parliament by leader of the NZ First Party, Winston Peters. It implicated a number of leading New Zealand businesses, including the Bank of New Zealand and the merchant bankers Fay Richwhite, in illegal tax avoidance operations using the Cook Islands as a base.

While the subsequent judicial inquiry whitewashed the New Zealand companies involved, the Cook Islands tax haven activities are known to be a significant source of revenue. The Cook Islands government has never publicly reported its earnings, but several years ago Henry acknowledged that the Cooks were receiving over \$1.2 million in fees alone from this source.

For the majority of Pacific Island peoples, the ongoing economic crisis has meant lives of immense instability, poverty and insecurity. Unable to foresee a future in their own country, many are becoming international transients with experiences, albeit in a different setting, not far removed from those of the Joad family in John Steinbeck's novel of the 1930s, *The Grapes of Wrath*.

Those who leave their homes in the islands, bound for New Zealand or Australia, face enormous odds. If they do not run foul of the myriad of racist immigration regulations, and if they find work, they do so as the most oppressed sections of the working class. They become employed in poorly paid jobs such as factory work or in the service industry, often in shift or part-time work. Many Pacific Islanders still vividly recall the efforts of New Zealand authorities in the 1970s to round up and deport so-called overstayers—those without legal work permits—by carrying out

surprise dawn raids on their homes.

Increasingly, meagre incomes are quickly eaten up, with regular contributions going out in tithes to the churches that dominate expatriate Pacific communities, and as remittances to extended families remaining behind in the islands. Such remittances have become a significant lifeline for many families. In New Zealand, Pacific Island workers are congregated in the poorest suburbs, often in overcrowded housing conditions. They are over-represented in statistics related to low incomes, poor health and lack of educational opportunity.

There are indications that the new coalition government will deepen the economic and social assault on the Cook Islands people in order to make good with the banks and international financiers. CIP member of parliament Tapaitau said immediately after the election that any new government “should not deviate from the reform process” and would “continue to shift power to the private sector”. In a clear warning to Cook Islanders who voted against this agenda, he told them “to forget politics and concentrate on developing their lagoon and fisheries because there’ll be no more handouts from government”.

The main sources of the historical material for the article are:

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