

# Solomon Islands faces economic and social disintegration

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Just five months after an Australian-sponsored ceasefire between rival ethnic militias, the tiny South Pacific nation of the Solomon Islands is on the brink of collapse. Not only has last October's peace deal, signed in the Australian city of Townsville, failed to halt the fighting but it has effectively sanctioned the division of the country along ethnic lines, creating an economic and social disaster.

In the Townsville agreement, the leaders of the Isatabu Freedom Movement (IFM), based on the main island of Guadalcanal, and the Malaita Eagle Force (MEF), drawn from the neighbouring island of Malaita, agreed to temporarily disarm in return for grandiose promises of separate development projects for their respective islands—including a new international airport, roads, ports and tourist facilities. No money existed for such projects, however, and none has since been forthcoming from the Solomon Islands government, Australia or international financial institutions.

Instead, over the past five months there has been a further deterioration in the economy and the continual winding back of health and education services for the country's 466,000 people, spread over six main islands and more than 300 islets and atolls.

In an interview with the *Australian* newspaper in early March, the Solomon Islands Central Bank governor Ric Hou stated that foreign cash reserves were being consumed so rapidly that by the end of April the country would be bankrupt, unable to import basic needs, including food, medicine and fuel. Moreover, the government had exceeded its legal borrowing limit from the central bank.

In the capital, Honiara, residents have been advised to boil drinking water because the treatment plants can no longer afford to pay for chlorine supplies. Australian pharmaceutical suppliers have stopped supplying drugs to the Solomons due to unpaid bills, and the national pharmacy stores in Honiara have had their telephone lines disconnected for failing to pay bills.

The main hospital in Honiara has cancelled all elective surgery, shut down the tuberculosis ward and forced patients to rely on their families for meals. Hospital staff have had to supply basic items such as sugar to patients at their own expense. The government has appealed to people not to seek “unnecessary medical attention”.

Conditions appear to be even worse on outlying islands. Writing from Honiara this week, an *Australian* correspondent Mary-Louise O'Callaghan reported that “in many provinces there have been no fresh medical supplies, such as vaccines, for months”.

Temotu, one of the nine provincial governments, has announced that 20 health workers will be sent on immediate unpaid leave because it has received no health funding from the central government for six months. As a result, the 46-bed hospital in Lata is facing serious difficulties in maintaining services.

Even the most basic government functions are breaking down. The government owes \$US1 million to Solomon Telekom, which has cut off all non-essential phone lines to government departments. Water supplies to the government office complex in Honiara have been disconnected. Angry confrontations erupted at a bank in Honiara when customers' government cheques were not honoured due to insufficient government funds.

The government has reported that its revenue has declined from \$US99 million per year to \$US39 million, far short of the \$US94 million required to meet recurrent expenditure alone. Additionally, it is seeking \$US111 million to finance measures included in the peace agreement and for the reconstruction of badly damaged infrastructure.

The government proposed to raise the additional funding from external sources, but this is highly unlikely. At a February 26 meeting with the government, official donors, including the Asian Development Bank, World Bank, IMF, European Union and UN Development Program, refused to advance any funds until disarmament had been completed and law and order restored.

The failure of the peace process to deliver any of the promised development projects—which were meant to provide employment for demobilised militia members—has helped foster renewed fighting. In recent weeks there have been media reports of an Australian-supplied patrol boat equipped with 50-millimetre cannons being used to strafe coastal villages on the island of Guadalcanal. According to another report, some houses in remote villages on the Weather Coast were been burnt down in an operation to hunt down a leader of an IFM

faction.

Despite the deployment of a small Australian-led ceasefire monitoring force, more than 500 weapons remain in the hands of combatants. In addition, the government of Prime Minister Manasseh Sogavare, which took power following an MEF coup last June, has appointed 1,900 “special constables” who are mostly ex-MEF members.

### **Impact of Asian meltdown**

The immediate origins of the Solomons' disintegration lie in the 1997-98 Asian financial crisis. Heavily dependent on the export of natural resources to Asian countries, the Solomons' economy was severely affected by a plunge in the value of log exports, from \$US80 million in 1997 to \$US41 million in 1998. In an effort to cut costs, the government of Bart Ulufa'alu implemented a restructuring program that the Australian government praised.

Ethnic leaders on Guadalcanal responded to the sharp downturn by whipping up communalism, accusing settlers from Malaita of taking jobs, land and business opportunities away from Guadalcanal people. The IFM launched a reactionary drive to remove 20,000 Malaitan people from Guadalcanal at gunpoint. With many Malaitan residents, the capital, Honiara, located on Guadalcanal, became a town under siege.

In turn, Malaitan politicians formed the MEF and combined with the Malaitan-dominated paramilitary police force to carry out a coup on June 5 last year. They placed prime minister Ulufa'alu under house arrest and eventually forced him to resign to make way for Sogavare.

The Australian and New Zealand governments sent warships to the Solomons to evacuate all foreign nationals. Enterprises that had not already closed over the previous two years were abandoned, including the Australian-owned Gold Ridge gold mine and the Japanese-owned Solomon Taiyo fishery, throwing hundreds out of work.

Sogavare has sought to attract loans and investment from Taiwan, Kuwait and OPEC, as well as the global financial institutions. He has pledged to cut the public service further, privatise remaining state-owned assets and change land laws to allow more secure investment, a program entirely in line with the demands of the IMF and World Bank.

Last October's Townsville agreement effectively legitimised his regime and institutionalised the ethnic division of the country by proposing increased autonomy for the provinces, based on separate economic development. It granted a general amnesty to all militia members.

The leaders of the rival militias belong to a thin privileged layer, who have a common interest in diverting social discontent into ethnic conflict. According to a World Bank report, *Pacific Regional Strategy May 2000*, in Honiara 1 percent of households receive more than 50 percent of total earnings. This indicates a tiny elite of around 400 people.

Corruption appears to be rife, even as social conditions deteriorate. The Premier of Guadalcanal Province, Ezekiel

Alebua, who supported the IFM and signed the peace agreement, faces accusations that he acquired a 300 horsepower luxury speedboat, while basic health and education services were scrapped. In the central government, some ministers' daily food bills of \$US200 far exceed the official \$30 a day allowance.

Demands by the Western powers for a crackdown on corruption are hypocritical, however. These are the very layers that were fostered by the British colonial authorities before independence in 1978 and that then served the interests of international investors.

The same authorities are fundamentally responsible for the fact that, as reported by the World Bank, 36 percent of the Solomons' people do not have access to safe drinking water, 21 percent of children over five years old are underweight and the adult illiteracy rate is almost 70 percent.

Having profited over the years from the Solomons and neighbouring Papua New Guinea and Vanuatu, Australian officials and media commentators are now warning of the strategic, economic, diplomatic and other costs to Australian capitalism of the disintegration of governments in the region.

In a March 24 column, the *Australian's* foreign editor, Greg Sheridan, declared that Australia's “most enduring strategic interests” were threatened, along with billions of dollars in trade and Australia's diplomatic reputation. He was not concerned for the plight of the island peoples, but alarmed that the social consequences might spread to Australia.

“Ultimately having sub-Saharan African conditions in a raft of nearby micro-states means the people flee to Australia. They come from increasingly lawless gun-filled societies where they have not had the opportunity of a decent education. Inevitably, guns, drugs, crime and disease will make their way to Australia.”

Sheridan's article is one of a number in recent months urging Canberra to more decisively intervene into the crisis in the Solomons and throughout the region. “Melanesia is on fire and the flames will one day engulf Australia,” Sheridan wrote, condemning governments for not paying attention to “profoundly dangerous developments”.

As Sheridan's comments demonstrate, any further Australian intervention will not be directed at uplifting the living standards or protecting the democratic rights of the peoples of the Pacific, but at working with the local elites to shore up the strategic and economic interests of Australia and other capitalist powers.



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