

# Economic and political disintegration on display at Pacific Islands Forum

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This year's annual meeting of the 16-member Pacific Islands Forum, held in the tiny island nation of Nauru from August 16 to 20, was more notable for the absence of four Prime Ministers than for the outcome of five days of discussion. Not only did Australian Prime Minister John Howard, the leader of the region's major power, openly snub the forum, but also the heads of three of the largest island states—Papua New Guinea, Fiji and the Solomon Islands—did not attend.

In the case of the three South Pacific prime ministers, their absence indicated the depth of economic breakdown and political tensions in the region.

Papua New Guinea Prime Minister Mekere Morauta stayed away because he faces mounting resistance to the International Monetary Fund-dictated economic program of his government, particularly the privatisation of all government-owned corporations. This year already he has faced a military rebellion and substantial student-initiated protests. His police shot dead four protesters in June, fuelling the popular hostility toward his government and forcing Morauta to hold an inquiry into the shootings.

The Solomon Islands and Fijian leaders did not attend because of impending elections demanded by Australia and other Western powers. Fiji's Laisenia Qarase, an unelected banker installed by the country's military after George Speight's attempted coup last year, has pursued a communalist program of inciting anti-Indian sentiment in order to entrench the privileges of ethnic Fijian business operators and landed chiefs. The election campaign has highlighted the fracturing of Fijian politics and government institutions along racial, regional and sectional lines.

Solomon Islands Prime Minister Manasseh Sogavare seized power last year following a takeover by one of two warring militias and is clinging to power by funnelling much of what is left of the country's collapsed finances into the pockets of faction leaders. His government did not send any representative of ministerial rank, giving it only observer status at the Forum.

Howard's decision to send about-to-retire Defence

Minister Peter Reith to the Forum reflected the mixture of indifference and neo-colonial bullying that characterises the official Australian response to the deteriorating social conditions throughout the South Pacific.

Howard's non-attendance—his third in five years—was all the more blunt because last year he and his New Zealand counterpart, Helen Clark, bullied the island states into accepting the Biketawa Declaration. For the first time, it provided for the Forum to intervene in the domestic affairs of members on a number of grounds, including ensuring "good governance". The declaration effectively opened the way for renewed colonial-style intervention, led by the two regional powers, amid the escalating political volatility.

At this year's meeting, Reith, as Howard's proxy, made clear that Canberra had no intention of providing any real assistance to the island states to overcome the substantial environmental, economic and social difficulties they face.

The Forum—attended by the leaders of New Zealand, Cook Islands, Federated States of Micronesia, Kiribati, Niue, Palau, Republic of Marshall Islands, Samoa, Tonga, Tuvalu, Vanuatu and Nauru—spent much time discussing global warming and the rising sea levels that particularly threaten low-lying atoll nations such as Tuvalu, Marshall Islands and Kiribati.

These tiny countries—mere strips of land in a vast ocean—are facing disaster because the rising sea can not only inundate land but also contaminate scarce fresh water supplies. Tuvalu, for instance, consists of nine coral atolls located half way between Hawaii and Australia. Its 11,000 people live on a mere 26 square kilometres with no point higher than 5 metres above sea level.

The Australian government unsuccessfully tried to remove from the Forum communiqué an expression of "concern" with the United States' refusal to ratify the Kyoto protocol, which limits emissions of the greenhouse gases that scientists have linked to global warming. The final document skates over Australia's support for the Bush administration's stance, stating that "most members" were concerned about the US decision.

Under Australian and New Zealand pressure, the meeting also modified two agreements promoting free trade and closer economic relations. The new Pacific Island Countries Trade Agreement (PICTA) is meant to eliminate regional trade barriers over the next 10 years, with Forum leaders claiming that this would enable them to band them together into a regional bloc.

In order to protect their exports to the region, where they dominate economically, Australia and New Zealand insisted upon the Pacific Agreement on Closer Economic Relations (PACER), which requires the 14 island states to consult with the two powers before reaching any deals with outside countries or the European Union.

The Forum “strongly objected” to demands by the Organisation for Economic Co-operation and Development (OECD) for a crackdown on tax havens and money laundering in the Pacific. Several of the island states have become financially dependent on such activities, including Nauru, whose tiny population of 10,000 hosts 400 offshore banks. The OECD has also threatened the Cook Islands, Niue, Vanuatu and the Marshall Islands with financial sanctions, possibly starting in September.

Opening the Forum, Nauru’s President Rene Harris accused the Western powers of applying double standards. “It is alarming that now we have identified a viable, legitimate and competitive economic opportunity, the rich states of the world have labelled it harmful competition simply because they choose not to compete.”

The Forum’s criticism of the OECD seems to draw support from a statement last month by US Treasury Secretary Paul O’Neill, who said the Bush administration would not support international efforts to dictate how countries structure their tax systems. His announcement followed a concerted campaign by right-wing lobbyists in favour of bigger pro-business tax cuts.

As it did last year, the Australian government insisted that no support be given to separatists in Indonesian-occupied West Papua. This year, Canberra even prevailed upon Nauru to bar West Papuan representatives from entering the country, in line with Australia’s efforts to re-establish close relations with the Indonesian military under President Megawati Sukarnoputri.

In general, the Forum leaders were concerned to appease the Western powers. There were no calls to alleviate the poverty facing most people in the Pacific. In his opening address, Harris applauded the Asian Development Bank (ADB), whose structural adjustment programs have exacerbated the impoverishment and social inequality.

Recent statistics reveal the extent to which the island states, granted nominal independence over the past three decades, have proven incapable of overcoming the economic

backwardness they were bequeathed by the colonial powers—Britain, France and Australia.

In Papua New Guinea, the Gross Domestic Product per head has fallen by 20 percent over the past 20 years. The infant mortality rate increased by 3.6 percent in the 1990s, while adult literacy fell to 71 percent for men and 56 percent for women. In Solomon Islands, the GDP per person fell 17 percent from 1995 to 1999. In Vanuatu, the GDP per head fell by 11 percent over the same period. In Fiji, the infant mortality rate increased by 20 percent from 1995 to 1999.

Already hit hard by plummeting investment and export levels following the Asian financial crisis in 1997-98, the region suffered further falls in the wake of last year’s coups in Fiji and Solomon Islands.

The venue for the Forum, Nauru, is an acute example of the wreckage left by the Western powers. It has a lunar landscape as a result of being mined extensively for phosphate, mainly for use in Australia as fertiliser. After the local elites largely squandered the proceeds of mining royalties on poor investments in Australia and elsewhere, Nauru’s “financial system is in a state of collapse,” according to the ADB. Nauru’s government had difficulty even securing electric power for the Forum because of a shortage of diesel fuel to run generators. For ordinary Nauruans, daily blackouts of 12 hours have become the norm.

Howard came under some criticism in the Australian media for avoiding the Forum. The *Sydney Morning Herald* editorialised on August 6 that “Mr. Howard has inexplicably let drop the opportunity to personally assert Australia’s traditional position as a predominant power”. This blunt declaration of Australian hegemony underscores the fact that any intervention into the region will not be concerned with uplifting the living standards or defending the democratic rights of the Pacific peoples, but with pursuing the economic and strategic interests of Australian business.



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