

Australia and New Zealand starve Solomon Islands of funds

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In what can only be described as a neo-colonial intervention, the foreign ministers of Australia and New Zealand visited the economically ruined Solomon Islands for 24 hours last week and delivered an ultimatum to its recently-elected government: unless it restores order and implements the economic policies dictated by the two regional powers, the new government will receive no foreign aid.

Australia's Alexander Downer and New Zealand's Phil Goff flatly rejected a request from Prime Minister Sir Allan Kemakeza for \$US37 million to rescue the economy and provide critically-needed funding for health, education and other services. Instead, Downer announced that an Australian representative had been installed as a special adviser to the Solomons government for three months.

Perry Head, until recently Australia's High Commissioner (ambassador) to neighbouring Vanuatu, will lay down and supervise the economic measures required by the governments in Canberra and Wellington. According to the Australian Broadcasting Corporation, Head has already started work in Kemakeza's office, providing advice on how the new government can "adopt a responsible economic course".

Immediately upon arrival on January 7, Downer delivered a blunt message: "It's very important that law and order is restored in Solomon Islands as quickly as possible and that the economy gets back up on its feet. In so far as the government is able to put in place programs to achieve those things, we're happy to help."

Kemakeza was anxious to display his readiness to comply. In support of his aid request, which he described as a "shopping list," he assured Downer and Goff that his government planned to "do the right thing". He announced plans to layoff more than 500 public servants, provoking a statement of protest from the Public Employees Union. The retrenchments will cause widespread hardship because one public servant's salary often funds extended family groups and villages.

Kemakeza also pledged to cancel duty exemptions granted to most timber export merchants as well as tobacco and alcohol importers, which altogether cost the previous government an estimated \$15 million in revenue last year.

But both Downer and Goff made clear that assistance from international donors would be forthcoming only if Kemakeza's actions matched his promises. Goff said Australia and New Zealand wanted to see hard evidence of a commitment in the right direction by the new government before further financial help was

granted. "The country is in liquidation, it's broke. At the moment, both public-sector wages and annual debt repayments each exceed the entire anticipated income for next year. Drastic changes are needed."

Goff linked the ultimatum directly to the needs of international investors. Speaking of the estimated \$25 million required to reopen the Gold Ridge gold mine, which contributed about 25 percent of the Solomons' gross domestic product before it suspended operations in 2000, he declared: "No firm wants to re-invest that sort of money when the country essentially remains unstable."

In what could be seen as a threat of more direct intervention, Downer and Goff held their own lengthy closed-door session with senior police officers. The two regional powers already have some 50 police officers in the Solomons, tasked with monitoring a peace agreement between warring ethnic militia.

On his departure from the country, Downer stated that immediate assistance might be provided in one field only—the police force. Given that the Solomons has no military (Australia last year opposed the formation of a defence force), the police alone enforce official authority. His statement served to highlight the priorities of the Australian and New Zealand governments.

They have refused to provide urgent aid to the Solomons for almost two years, despite the breakdown of basic health, education and public services. Hospitals and clinics have either closed or now charge fees beyond the reach of most villagers. Frequent blackouts are experienced because fuel bills for electricity generation remain unpaid. Pay cheques for teachers, public servants and police officers are up to six weeks in arrears. The government owes \$3.6 million to the National Provident Fund that holds all workers' superannuation entitlements and which is expected to be bankrupt by February.

According to the *Australian Financial Review*, the economy was expected to contract 15 percent in 2001, following an 18 percent collapse in 2000. Yet between them, Australia and New Zealand have limited their aid to just \$16 million a year.

The Downer-Goff ultimatum marks a new assertiveness, following media criticism last year that the Australian government was too passive in its approach. An editorial in the *Australian* last week welcomed the shift. "Now more than ever, Australia and New Zealand have leverage to encourage reform, because if the aid donors don't kick in, Solomon Islands will disintegrate, a fact some members of the new government appear to understand. The

message seems to have gotten through...”

The Solomon Islands, a former British colony of 448,000 people about 2,000 km north-east of Australia, was granted independence in 1978 but has remained economically dependent on the Western powers. Its biggest source of export income—timber—declined sharply following the 1997-98 Asian financial collapse, whereupon prime minister Bartholomew Ulufa’alu, began to impose Australian-backed austerity measures, including the sacking of 500 public servants.

The resulting social hardship helped trigger a civil war on the main island of Guadalcanal, during which one militia, the Isatabu Freedom Movement, expelled up to 20,000 people to the neighbouring island of Malaita. In June 2000 the opposing Malaita Eagle Force (MEF), joined by members of the Malaitan-dominated police force, staged a coup, ousting Ulufa’alu. As a result of the fighting, all foreign-owned mining and agricultural operations were closed and government revenue collapsed.

In late 2000, the Australian government flew the leaders of rival factions to the northern Australian city of Townsville in a bid to hammer out a deal between them. Then too, the Howard government was prompted by media criticism that it was failing to exert its power in the region to prevent instability following the conflict in East Timor and a coup in Fiji.

The pact provided for a disarmament process to be supervised by regional peace monitors. But in order to obtain that agreement, the militia leaders and their supporters were given an amnesty, and the MEF was left in control of the capital Honiara. In fact, the agreement fuelled ethnic divisions by promising compensation payouts and separate development projects on the two main islands and other provinces, while not providing any funds.

As a result, the disarmament measures soon broke down, as the government installed by the MEF, led by Manasseh Sogavare, used scarce funds to award compensation to its supporters and kept about 2,000 former militia members on its payroll as special constables.

Throughout last year, Australia and New Zealand demanded that the Sogavare government conduct elections in a bid to establish a more stable regime. While withholding social assistance and aid generally, they financed a ballot on December 5 and organised foreign observers from the UN, Australia, Japan, the British Commonwealth and South Pacific governments.

The international monitors declared the elections free and fair but the results were mixed. Only 19 of the previous parliamentarians were re-elected, indicating considerable hostility to Sogavare’s government. Yet, none of the parties or candidates offered clearly-defined policies, let alone any program to tackle the economic and social disaster facing ordinary people. Many candidates appear to have been selected according to family or tribal obligations. With 328 candidates for 50 seats and a first-past-the-post voting system, 40 of the successful candidates won seats with less than a majority. The new Police Minister, for example, obtained just 879 out of 6,471 votes cast in his electorate.

After two weeks of horse trading to form a ruling coalition, Kemakeza emerged the victor on December 17, leading 16 MPs from the Peoples Alliance Party and supported by 13 independents. The independents were allegedly offered large cash

bribes.

The formation of Kemakeza’s government was met with open hostility in the Australian media. On its front page, the *Australian* referred to Kemakeza as a “bad-penny” prime minister, “wrapped tightly in subterfuge, allegations of bribery and vote-buying and political uncertainty”. Its article warned that international powers would view his government as a “setback for a nation already on the brink of economic and social collapse”.

Kemakeza and most of his 20 ministers are associated with the June 2000 coup and allegations of corruption. Kemakeza himself, a former policeman, was sacked as Minister for National Unity, Reconciliation and Peace last August when it was revealed that he had awarded himself and his Permanent Secretary, Lucian Ki’i, \$300,000 in compensation payments. National Planning Minister Snyder Rini was Sogavare’s finance minister. Foreign Minister Alex Bartlett, a businessman, was an MEF leader.

The Australian and New Zealand governments are thought to have favoured former prime minister Ulufa’alu, but his coalition failed to win sufficient support in the December 5 election and only three MPs voted for him in the contest for prime minister.

There are indications that Kemakeza could attempt to continue the methods of Sogavare, who obtained loan funds from Taiwan in return for diplomatic recognition and cut-price tuna fishing licenses. Kemakeza has suggested that demobilised militia members be given assistance to set themselves up in business and has pledged that compensation payments will resume.

Having failed to have the regime they wanted installed, the Australian and New Zealand governments have taken the next option of starving the new administration of funds, unless and until it does their bidding. If Kemakeza fails to comply, the two powers may exploit the continuing economic and social breakdown to intervene even more forcefully.



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