

Canberra blackmails Papua New Guinea into accepting Australian overseers

The Editorial Board
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Just two months after dispatching an Australian-led military intervention force to the Solomon Islands, the Howard government has bullied Papua New Guinea (PNG) into placing two key state functions—finance and the police—under effective Australian control. The preliminary agreement signed by Australian Foreign Minister Alexander Downer and his PNG counterpart Rabbie Namaliu on September 18 underscores just how rapidly Canberra is proceeding to consolidate a neo-colonial sphere of influence in the Pacific region.

Under the arrangement, which will be finalised at a joint ministerial meeting in December, up to 200 Australian Federal Police (AFP) officers will be stationed in the country and Australian public servants inserted in senior posts in PNG ministries to oversee their operations. The police will not only be located in the capital Port Moresby but in Lae, Madang and major towns in the Highlands region. Their tasks may include operational duties.

The Australian officials—described by Murdoch’s *Australian* as “flying squads of auditors, administrators and other public sector specialists”—will be slotted into key positions to scrutinise the books and, under the guise of “improving efficiency,” to slash expenditure. Significantly, public education and health—two crucial social services that have already been stripped to the bone—have been identified, along with finance, as targets. Canberra is also pressing for a major downsizing of the PNG Defence Force.

The agreement follows weeks of acrimonious exchanges after Howard threatened to withdraw the \$A330 million (\$US220 million) in aid that Australia provides to its former colony—a figure representing some 20 percent of PNG government revenue. PNG Prime Minister Michael Somare threatened to look to other countries for financial assistance but caved in to Canberra’s demands at the last minute. As a face-saving device, the two governments agreed to further “consultation,” but no one was in any doubt as to who was calling the tune or the significance of the proposals.

Writing in the *Sydney Morning Herald* on September 23, Hugh White, director of the government-funded Australian Strategic Policy Institute, bluntly described the insertion of Australian police into the PNG Constabulary as “more like a takeover” that should be frankly acknowledged as such. Moreover, it was “only a start... A functioning police force is no use without effective courts and an efficient prison system. It seems likely that we will soon be drawn into a central role in these areas as well.”

Canberra’s intervention into PNG, which is by far the largest and most resource-rich of the Pacific Island states, confirms that a far-reaching and rapid shift in Australia’s strategic orientation is underway. As the *World Socialist Web Site* explained at the time, the Howard government participated in the Bush administration’s illegal war on Iraq in order to legitimise and garner US support for its own “pre-emptive actions” closer to home. The previous policy, which was based, at least nominally, on recognising the national sovereignty of its neighbours, has been replaced

by the aggressive assertion of Australian imperialism’s interests in the region.

In the six months since the Iraq invasion, a spate of reports has issued from right-wing thinktanks, arguing for a fundamental policy change. In March, the Centre for Independent Studies (CIS) published *Papua New Guinea on the Brink* which concluded that “the longstanding ‘hands-off’ approach of respecting PNG’s sovereign right to make its own choices” had not worked. It called on the government to ignore charges of “recolonising PNG” and adopt a “more activist approach”. It even hinted that the formation of “a Melanesian taskforce” along the lines of Washington’s Iraq taskforce might be needed to prevent the country descending into “terminal decline”.

In June, Hugh White’s Australian Strategic Policy Institute published a report entitled “A Failing Neighbour” that provided the blueprint for the Australian-led intervention in the Solomons just a month later. It also supplied the rationale. Under the banner of the “war on terrorism,” Howard insisted that pre-emptive action was necessary in order to prevent the “failed state” from becoming a haven for international criminals and terrorists, but provided no evidence whatsoever to justify his claims. Canberra is now making similar unsubstantiated allegations about the dangers posed by PNG.

No sooner had Australian troops landed in the Solomons than Howard headed off to the Pacific Islands Forum in Auckland in mid-August where he rode roughshod over previous procedures to impose Canberra’s agenda. The meeting formally sanctioned the Solomons operation, ratified Canberra’s proposals for a radical review of the Forum’s role, and, in a break with all past precedent, inserted an Australian official to head the body’s administrative secretariat. Howard bluntly warned that future foreign aid, on which the member states are heavily dependent, would be contingent on toeing the Australian line on economic restructuring and governmental reform.

In the aftermath of the Forum, Howard wasted no time in targeting PNG, where Australian imperialism has far more at stake than in the Solomons. The country of five million people dwarfs other Pacific Island states and is a substantial source of cheap raw materials. Australian companies have \$2.3 billion invested in mining, retail, banking and other areas. Moreover, Canberra has always regarded PNG as pivotal to its strategic planning. It retained close ties with the PNG security and intelligence establishment after independence.

Following a cabinet meeting on August 20, Canberra announced proposals to assert firmer Australian control on the pretext of ensuring that aid was being properly spent. A senior diplomat Bob Cotton was dispatched to Port Moresby with a letter to PNG Prime Minister Somare outlining details of a plan to install senior Australian bureaucrats in departments such as finance, planning and treasury.

The PNG government reacted angrily. At the end of August, Somare announced that his government intended to conduct its own aid review and to formulate an “Australian Aid Exit Strategy” as a counter to

Canberra's demands. Tensions escalated even further after Downer provocatively declared that Somare was demanding a blank cheque and that Australia would not be "just handing over money in that way to the Papua New Guinea budget."

As Somare and Namaliu pointed out, Australian aid is closely managed by AusAID and the bulk of it ends up in the hands of Australian business. An audit in 2002 found that 31 percent of the \$330 million was spent on consultants' fees and 38 percent went to contractors, of which the majority in both cases were Australian. Another 17 percent was allocated to specific programs in Health and Education, leaving just 14 percent over which the PNG government had some limited control.

Somare accused Downer of "deliberately misleading" the Australian public and cancelled the foreign minister's planned trip to Port Moresby. In an interview on the Australian SBS TV program *Dateline* on September 3, Somare insisted that PNG was a sovereign country. "I don't like the idea of getting officers to come to [the] Finance Department to run the show for us, to come to [the] Prime Minister's department and run the show for us. Don't we have people that you have educated in the public service of Papua New Guinea?" he exclaimed.

Somare bluntly told *Dateline* that PNG had the option of rejecting Australian aid and looking elsewhere. It was clear from his remarks that he was well aware that Canberra's main objective was to tighten its grip in the Pacific and keep out economic and strategic rivals. Asked if PNG intended to strengthen its relations with China, Somare did not rule out the option and pointedly noted: "Strategically Papua New Guinea is only 50 to 150km away from Australia and it's [in] Australia's interest to make sure that we are their best friends."

Far from toning down his rhetoric, Howard continued to insist that Australian aid would be tied to "good governance". Downer's visit was rescheduled and he arrived in Port Moresby on September 17 to a cool reception. Somare boycotted the formal dinner given in Downer's honour. Significantly, a high-level Chinese delegation was in PNG at the same time for talks on trade and investment.

Just a day before Downer arrived, Somare had used a ceremony marking the 28th anniversary of PNG independence to reinforce his message to Canberra. After appealing for greater efforts to establish "economic independence," he declared: "Let us redefine our relationship with Australia... open up to Indonesia... [and] pursue our national interest to the north."

However, in the space of just two days, Port Moresby caved in completely to Canberra's demands. The abrupt about-face recalls the diplomatic thuggery employed by Canberra earlier in the year to pressure East Timor into signing away the lion's share of the Timor Gap oil and gas reserves. By deliberately delaying the deal, Howard and Downer threatened to undermine the Bayu Undan project on which Dili was relying for its immediate revenue. Despite its initial protestations, East Timor had little choice but to agree.

Whatever was said behind closed doors in Port Moresby last week, Downer plainly made an "offer" that the PNG prime minister could not refuse. As well as a possible cutoff of Australian aid, Somare also faced the threat—either implicit or explicit—of a campaign of political destabilisation aimed at removing him from office. And if that failed, the Solomons had set a precedent for direct Australian military intervention. There were already signs that all these options were under active consideration in Canberra.

An article in the *Age* newspaper on September 6 noted: "Privately, senior Australian officials have given up on Somare, suggesting he lacks capacity to bring what they see as a corrupt, bloated administration to heel. They also believe his leadership could not survive losing Australian aid that provides a quarter of government revenue. There is a new readiness to play hard ball. If the game costs Somare his job, few tears will be shed."

Somare already faces sharp divisions in his unstable coalition government. An oppositional group known as "Open MPs and Governors," which includes members of Somare's own National Alliance Party, has criticised the lack of services in their districts. Somare's constitutional period of grace—18 months free from a no confidence motion—is due to run out in February. Former Prime Minister Julius Chan warned Somare to take Australian threats "very seriously" and avoid a confrontation with Canberra.

Chan has his own experience of political destabilisation. In 1997, the Howard government leaked secret plans by the Chan government to hire the mercenary outfit, Sandline International, to suppress the longrunning separatist rebellion on the island of Bougainville. The news provoked large protests in Port Moresby and a virtual rebellion in the PNG armed forces, compelling Chan to stand down. The Sandline deal threatened to allow unnamed business interests to reopen the huge Panguna copper mine on Bougainville at the expense of Australian-owned companies.

As for an Australian military intervention, PNG's former defence commander Jerry Singirok—the man who played the pivotal role for Canberra in forcing Chan to step down—indicated plans were already under discussion. In comments to the *Post Courier* on 15 August, he spelled out in detail the steps that the Australian military would take, then added: "Such scenarios, although hypothetical and remote, are being seriously considered and entertained in the circles in Canberra."

Having forced PNG to accept Australian police and financial overseers, Downer suggested that it was all for the benefit of the country. "We're not arguing that the people who are there are incompetent or we don't trust them," he said. "It's just a question of Papua New Guinea making the best of the resources that are available to it. And this is a country which, if I may say so, as the Australian Foreign Minister, is very lucky to have a resource available to it which helps it—and that is Australia."

Far from being of any benefit, Australian "help" to PNG over the last century has created an unmitigated social and economic catastrophe. Canberra has always viewed the country as the prize in the Pacific. Having taken colonial control of Papua in the nineteenth century, Australia was handed the more developed German colony of New Guinea after World War I as the quid pro quo for the sacrifice of tens of thousands of Australian troops in defence of British imperialism.

When Australia granted independence to PNG in 1975, it left behind a country lacking basic physical and social infrastructure. In the 28 years since, Australian corporations have been in the forefront of plundering the country's rich natural resources, particularly minerals, with reckless indifference to the environmental and social consequences. As commodity prices fell and the PNG economy faltered, successive Australian governments insisted that Port Moresby implement the restructuring dictates of the IMF and World Bank.

The economic decline, along with Canberra's demands for reforms, sharply accelerated following the 1997-98 Asian financial crisis. PNG is now in its fourth year of continuous recession and foreign debt has climbed to 8.2 billion kina (\$US2.5 billion) representing about 80 percent of GDP. Interest rates and inflation have soared to over 20 percent. The economic strategy dictated by Canberra, the IMF and World Bank consists of offering large financial incentives to international investors, particularly in mining, while slashing government expenditure through privatisation, job cuts and the winding back of limited social services.

As a result, the country's social crisis continues to deepen. Around 85 percent of the population live in rural villages, where they eke out an existence in subsistence agriculture, supplemented in some cases by small cash crops. The majority lacks access to the most rudimentary services—health, education, welfare and even roads. The young people who flock to the shanties surrounding the main towns have no prospect of a job or a future. As a result, crime, drug abuse and the other social ills caused by desperate poverty are all on the rise.

PNG's social indices are comparable to those of sub-Saharan Africa. Average life expectancy is just 56.7 years, the infant mortality rate is 79 per 1,000 live births—higher than Kenya and Zimbabwe—and diseases such as malaria and tuberculosis are returning. Alarming levels of HIV/AIDS have fueled predictions of an epidemic of African proportions. The average number of years of schooling is just 2.9.

This disaster has created deep resentments, fueled inter-tribal and inter-regional frictions and led to growing political instability. Canberra cannot solve these intractable social and economic problems. Nor does it intend to even try. The Howard government's agenda in Papua New Guinea is similar to its program at home: savage economic restructuring to boost the profits of Australian business and "law-and-order" measures aimed at attacking the democratic rights of the vast majority of ordinary people.

Australian imperialism, however, is heading for a shipwreck. Inevitably, the Howard government's attempt to carve out a sphere of domination in PNG, the Solomons and the rest of the region will breed hostility and resistance. Moreover, when it does develop, popular opposition will be far more explosive and far-reaching than the relatively limited movement against colonial rule that preceded independence in the region in the 1970s and 1980s. For the oppressed masses of the Pacific, the solution does not lie in a return to national independence but in unifying their struggles with those of the working class in Australia and internationally around a socialist perspective.



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