

## Howard's Pacific colonialism: Who benefits?

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Region: [Oceania](#)

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Buoyed by its success in getting all 16 member-states in the Pacific Islands Forum (PIF) to support its colonial-style intervention into the Solomons Islands, Canberra is now pushing for the various “arms of government” among Pacific island states to be “pooled” under Australian supervision. Australia leads a 2225-strong military-police intervention into the Solomon Islands that aims to “rehabilitate” that country’s governmental institutions to make them able to efficiently serve foreign — predominantly Australian — business interests.

Within a week of the beginning of the Solomons intervention, Australian Prime Minister John Howard began talking up a plan to strengthen Australian domination over the PIF’s small island states.

Answering a question at a July 22 press conference, Howard stated:

“Many of these countries are too small to be viable... and we really have to develop an approach that I could loosely call ... pooled regional governance... [I]t’s just not possible if you’ve got an island state of fewer than 100,000 people to expect to have all of the sophisticated arms of government”.

On the eve of the August 14-16 PIF annual summit in Auckland, the Australian Senate’s foreign affairs committee has proposed that Canberra should set up a “Pacific Economic and Political Community” similar to the old European Economic Community free trade zone, but with the Australian dollar as common currency. Under the proposal, which is supported by both Coalition and Labor Party members of the committee, the local currencies of most of the other PIF countries would be replaced by the Australian dollar.

While the Howard government has not endorsed this proposal, it is moving toward forcing the Pacific island states in the PIF to accept greater levels of Australian government control over their economic policies. In his July 22 interview, Howard hinted at the pressure that Canberra will use to get the PIF’s endorsement for this, declaring that it should be regarded favourably by them, “particularly as we are being asked to be heavily involved in [the Solomons] cooperative intervention, particularly because we provide a lot of aid”.

At the summit itself, Howard will propose a Pacific-wide policing structure, with training to be provided by Australia, and the pooling of airline resources.

Canberra’s overall goal of bringing the PIF member-states more directly under Australian political control can be glimpsed in another measure Howard will be pushing at the summit — to get an Australian official elected to the position of secretary-general of the PIF.

When Howard first suggested former diplomat and personal friend Greg Urwin for the job

last year, he ruffled a lot of feathers in the region. The established convention — once useful for a slightly more veiled domination of the body by Australia — has been for the secretary-general to be from a Pacific island nation.

Securing the PIF secretary-general's position would put Canberra in a stronger position to step up its intervention into the internal affairs of Pacific island states.

Sections of the Australian foreign policy elite have been trying to push a more interventionist Pacific policy for some time, especially since the police-backed coup in the Solomons in 2000, which forced the government of prime minister Bartholomew Ulufa'alu to resign. Ulufa'alu's government had begun to implement a Canberra-backed program of public sector job cuts and privatisation. At that time, Howard turned down Ulufa'alu's request for an Australian military intervention.

Nevertheless, the crisis got Canberra very worried. Weighed down by years of "free market" restructuring (largely pushed by Australia and New Zealand), more and more Pacific island states have been hobbling closer toward a breakdown of political stability — a crisis of "governance" the region's neocolonial elites can no longer contain, such as occurred in the Solomons in 2000. The dilemma for Canberra is how to restore business-friendly, stable governments without fully fledged re-colonisation.

This problem was addressed the defence department-funded Australian Strategic Policy Institute (ASPI) in its policy paper on the Solomons, *Our Failing Neighbour*. Written by Elsin Wainwright, director of the ASPI's Strategy and International Program, a few weeks before the Howard government decided on the intervention, the document posed the question: "Is there a middle option between our present detachment and an attempt to reassert colonial rule?" Its answer was that the national sovereignty of poor Pacific states is no longer an absolute, as "the security challenges presented by failed states have forced international policymakers to overcome many post-colonial hangups".

The key to offsetting any accusations of re-colonisation, according to Wainwright, is "broad-based international or regional support" for any intervention, and "if at all possible ... the consent of the affected state".

In its "Strategic Assessment" for 2002, called *Beyond Bali*, the ASPI goes further: "For many decades we sought to protect Australia's interests by supporting colonial rule in one form or another... Australian policy since decolonisation has consistently stressed the need to allow these countries to manage their own problems... It seems that as far as our Melanesian relationships are concerned, this approach will no longer work." (emphasis added)

The ASPI's recommendations in *Our Failing Neighbour* have been the blueprint for the whole Solomons intervention. Earlier, its very specific recommendations on the Iraq war (spelled out in *Beyond Bali*) were also implemented.

Following Howard's July 22 press conference, the next day's AFR ran Howard's "pooled regional governance" proposal as its front-page story, calling it a "radical plan". The July 23 AFR editorial declared: "Success in stemming the collapse of the Solomon Islands ... would send a clear message to the neighbourhood about the priorities that parliaments and governments need to observe.

>“The other side of the coin, also potentially persuasive, is that if other island countries drift into a Solomons-style danger zone, they risk having their precious sovereignty curtailed. Their rulers need to focus on providing the schools, clinics and transport infrastructure, and the rule of law, that alone will maintain the stable framework in which businesses will invest.”

This was backed up by Wainwright, who wrote in an op-ed article in the same edition that “small derogations of sovereignty might make all the difference” and that “while sovereignty remains the bedrock of the international system, there is a growing acknowledgement around the world that it is not absolute”.

The idea of “pooled regional governance” is merely the logical extension of Canberra’s willingness to subordinate Pacific island nations’ sovereignty to Australia’s imperial interests.

A union of south-west Pacific countries would remove the diplomatic protocols currently obstructing rapid Australian military intervention. The PIF’s Biketawa Declaration, signed in October 2000, set out elaborate procedures for PIF members to intervene in each other’s affairs “in time of crisis”. However, Canberra now wants to turn the south-west Pacific into a single zone of rapid-response intervention.

Moreover, “pooled regional governance” seeks to further push the PIF towards “free market” integration, a process that has been underway since 1998. That year, Robert Scollay of Auckland University produced a report recommending a Pacific free trade agreement. In 1999, PIF leaders mandated the PIF secretariat to draft such an agreement.

In 2001, the PIF endorsed the Pacific Islands Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER). The two agreements are linked. First, in the words of PACER, they “are intended to provide ‘stepping stones’ to allow the Forum Island Countries [FIC, the under-developed PIF countries] to gradually become part of a single regional market and integrate into the international economy” — a trading regime governed by the World Trade Organisation. This is specifically the role of PICTA, which aims to progressively create a free trade area among the under-developed PIF countries by 2012. PICTA came into force on April 13.

Second, the agreements ensure that this free-market area is under the domination of Australia and New Zealand. This is the specific job of PACER, which came into force last October.

All the FICs are also part of the Brussels-headquartered African, Caribbean and Pacific Group of States (ACP), which serves as an instrument of continued European Union domination of its former and present colonies in those regions. An agreement signed in 2000 between the ACP and the EU began converting trading arrangements that gave preferential treatment to ACP exports to the EU into reciprocal free trade agreements.

PACER was a pre-emptive move against free trade negotiations that began between the EU and the ACP in September 2002. PACER stipulates that where an FIC negotiates a free trade agreement with any developed non-PIF country, then that Pacific island state must also enter into negotiations with Australia and New Zealand “with a view to establishing reciprocal free trade arrangements”.

Even if there are no such negotiations with a non-PIF country in the first place, PACER still

requires free trade negotiations to commence between the poor PIF countries and Australia and New Zealand within eight years of PICTA coming into force.

Free trade would devastate the Pacific island economies, which already suffer grossly unequal trading relations with Australia and New Zealand.

Australian products currently dominate 37% of Fiji's market. In 2001-02, the Solomons imported \$64 million worth of Australian products — nearly half its total imports — while exporting only \$2 million of goods to Australia. In 2002-03 Australian exports to Kiribati totalled \$38.1 million, while Australia's imports from Kiribati totalled a mere \$285,000.

Further, with the fall of trade barriers under PICTA, many poor PIF countries have begun to lose their primary source of tax revenue. In response, they are moving to regressive GST-style consumption taxes.

The view being promoted by the corporate media is that Australia is intervening into the Pacific only after having taken a typically benevolent hands-off approach, accompanied by a cornucopia of generous aid. This is a lie that conceals Australia's exploitative role and promotes the racist idea that the Pacific peoples can't govern themselves.

The roots of poverty in the region are the double burden of a legacy of long colonial oppression and neocolonial exploitation in which formal independence has disguised the continuation — and often stepping up — of economic domination and dependence.

For example, the Australian-owned Gold Ridge mine in the Solomons, which opened in 1998, doled out a mere 3% of royalty payments to the Solomons, divided between three parties — 1.5% to the central government, 0.3% to the Guadalcanal province, and 1.2% to the indigenous landowners.

As the majority of PIF countries gained formal independence in the 1970s, at the onset of neoliberalism worldwide, they barely had a chance to even try to get on their feet before they were assailed by a hail of "free-market" structural adjustment programs from both rich country-dominated multinational financial institutions like the International Monetary Fund and World Bank and bilateral pressure from Australia and New Zealand.

In June 2002, the Solomons government asked the IMF-World Bank and "donor" countries for a substantial injection of funds. However, Canberra led the charge in demanding, in return, a further slashing of jobs and government spending. That same month, Honiara ceded control of its finances with the appointment of a New Zealand "public sector and economic reform" consultant, Lloyd Powell, as permanent secretary of finance.

Powell heads a New Zealand company with a history of overseeing neoliberal "reform" in some 20 Third World countries, including the Cook Islands, Vanuatu, Tonga and Kiribati. At his recommendation, Honiara retrenched 1300 public sector workers in November 2002.

Australia's aid to the region has also been self-serving. As the federal government's Australian Agency for International Development (AusAID) admits: "The objective of the Australian aid program is clear. It is to advance Australia's national interest... The Australian private sector plays a significant role in helping to achieve that objective... the program and its success relies heavily upon Australian expertise to identify, design and implement aid projects."

According to the Aid/Watch NGO, 70% of aid boomerangs back into a gravy train for Australian consultancy corporations, rather than genuinely assisting self-determination and social-economic development for the majority of Pacific peoples. Indeed, many of the “economic reform and governance” projects in the aid program seek to export Canberra’s domestic neoliberal policies to the public institutions and economies of the Pacific island countries.

In 1999, consultancy firm Hassall & Associates won an \$8.5 million five-year contract to “reform” Fiji’s tax and customs departments. Another aid-sucking consultancy, ACIL, received over \$250 million in AusAID funds in 2001-02. ACIL rose to notoriety during the 1998 Australian waterfront dispute when it was revealed that the company had written the secret report advising the Howard government on how to smash the maritime union.

Kerry Packer’s consultancy company, GRM International, won a \$5 million four-year contract to undertake “public sector reform” in Samoa.

Whether it’s government-provided “aid” or World Bank loans, they work hand-in-glove to open up the economies of the south-west Pacific to Australian corporate domination.

And now, with the danger that the local neocolonial elites cannot get away with continuing to administer ever-harsher neoliberal policies, Canberra has opted to bash down the Pacific island states’ borders to enable more direct Australian economic, political and military control over what Howard calls Australia’s “patch” of the Third World.

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