

**Overseeing and Overlooking:  
Australian engagement with the Pacific islands 1988-2007**

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## **Abstract**

Since Europeans first settled in the region, Australian policy-makers have understood that Australia has security, commercial and humanitarian interests in the Pacific islands. Despite this stable set of interests, Australian engagement has fluctuated greatly; its underlying approach has changed regularly while Australian governments have found it difficult to achieve their objectives. Explanations for this paradox largely rest on the relative weakness of Australian interests and their consequent inability to drive policy in a sustained fashion. However accurate these analyses, their focus on factors that are lacking posits Australian policy as an aberration from policy norms and provides little explanation for the policies that have been adopted in the absence of strong driving interests.

This thesis seeks to fill this gap through a historical narrative that traces the formation and implementation of Australian policies to the actions of key policy-makers from 1988 until 2007. Building on theories of foreign policy and public policy-making, it develops a model that links the observed fluctuations in Australian engagement and changes in its approach to the Pacific islands with events in the Pacific islands, the advocacy of 'policy entrepreneurs' and the personality and predilections of the Foreign Minister. Its sources were qualitative and interpretative elite interviews with participants in the making and implementation of Australian policy, newspaper articles, governmental speeches and official reports.

The key findings of this thesis are that Australian interests in the Pacific islands have weak institutional representation, rendering Australian engagement particularly dependent on ministerial attention. Policy entrepreneurs have played a critical role in attracting this attention through invoking some crisis in Australia's relationships with the Pacific islands and, crucially, presenting a ready policy response. Between such events, Australian engagement has tended to stagnate as relationships with the Pacific islands are neglected. This pattern has been aggravated, firstly, by the social and political upheaval that has regularly occurred in the Pacific islands, and secondly, by the tendency of Australian officials to incite resistance through insensitive expressions of Australian power. The primary implication of these conclusions is that only strengthened institutional commitment to Australia's relationships with the Pacific islands is likely to moderate their volatility.

## **Declaration**

This is to certify that

- i. the thesis comprises only my original work towards the PhD;
- ii. due acknowledgement has been made in the text to all other material used;
- iii. the thesis is fewer than 100,000 words in length, exclusive of tables, maps, bibliographies and appendices.

Jonathan Schultz

Date

## Preface

On the morning of 24 July 2003, I was woken from my sleep on the old wooden yacht, *Wendy Ann*, anchored in Honiara, by the unfamiliar sound of a helicopter flying overhead. Stepping onto the deck I could see the Australian navy vessel HMAS *Manoora* further out to sea. I was witnessing the launch of a radical new and muscular form of Australian engagement with its Pacific island neighbours that would in the course of time become the subject of my doctoral research project.

I first arrived in Solomon Islands in January 2003 on a visit to my sister, a doctor working in Kirakira, an overnight ferry trip from Honiara. One of my first experiences was being asked by Australians whom I encountered on what aid project I was working and receiving bemused reactions to my reply that I was merely a tourist. Locals in Kirakira and around the island of Makira were more understanding once they learned that I was the doctor's brother. Over the next six months I travelled by foot, tractor, dinghy, ferry and yacht around Makira and parts of Central and Western Province. I learned of the troubles that had struck Solomon Islands since 1999 from reading and talking to people. I followed the evolution of Australia's policy response by listening to Radio Australia on short-wave radio and accessing the Internet where I could.

I came to understand the pre-eminent role that Australia plays in Solomon Islands and to feel the frustration of Pacific islanders at Australian insensitivity and ineffectiveness in fulfilling that role. In choosing to make Australian engagement in the Pacific islands the subject of my doctoral research I imagined that I would discover Australian duplicity and callousness. I soon found that these characteristics, while certainly present, capture only a part of the story of Australia's approach to the Pacific islands.

In writing this thesis, I have sought to tell the story of Australian policy-making from the perspective of those who were involved in the process. I leave the reader to decide the normative implications of this research project.

## **Acknowledgements**

I would like to acknowledge the patience and invaluable contributions and assistance in the long process of producing this thesis of my supervisors Ann Capling and Derek McDougall. I am particularly grateful to the many individuals who agreed to be interviewed and the many others who offered me their insights along the way. I thank the staff and fellow students at the University of Melbourne and the University of the South Pacific who helped me in so many ways with my research. For proof-reading drafts of this thesis, my mother Elizabeth Schultz and partner Serendipity Rose deserve special thanks. Finally, I owe a debt of gratitude to my loyal friends and family who never doubted that I would complete this work and thus helped to ensure that I did.

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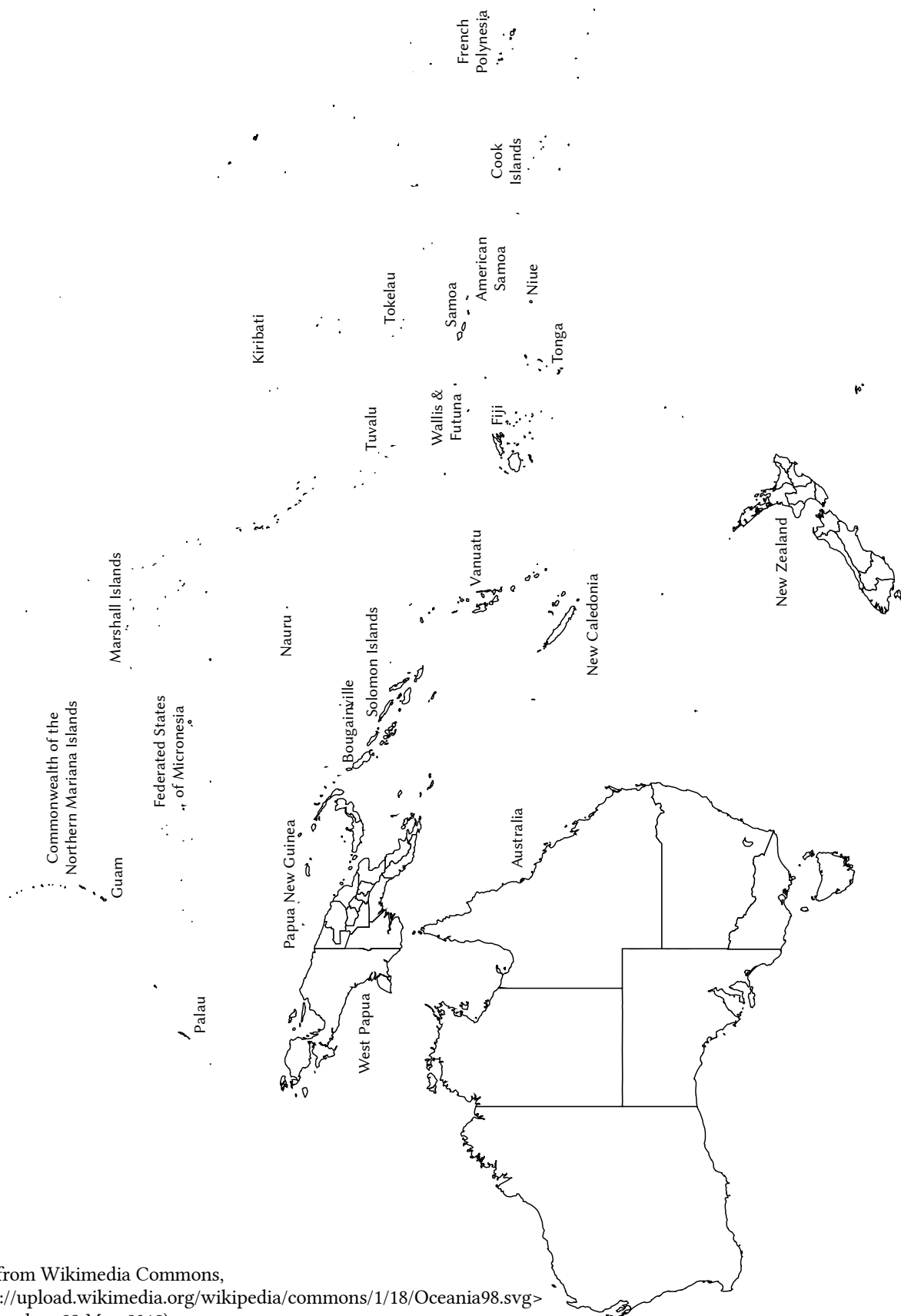
## Acronyms

Acronym	Name	Notes
ABC	Australian Broadcasting Corporation	
ACFID	Australian Council for International Development	
ACP	Africa, Caribbean and Pacific Group of States	
ACTU	Australian Council of Trade Unions	
ADB	Asian Development Bank	
ADF	Australian Defence Force	
AFP	Australian Federal Police	
AFR	Australian Financial Review	
AIDAB	Australian International Development Assistance Bureau	Name changed from ADAB in 1987; became AusAID in 1995.
ALP	Australian Labor Party	
ANU	Australian National University	
ANZCER	Australian-New Zealand Closer Economic Relations	
ANZUS	Australia, New Zealand, United States Security Treaty	
APEC	Asia-Pacific Economic Cooperation	
ASEAN	Association of South-East Asian Nations	
ASPI	Australian Strategic Policy Institute	
BCL	Bougainville Copper Limited	
BRA	Bougainville Revolutionary Army	
BRG	Bougainville Reconciliation Government	
CDI	Centre for Democratic Institutions	
CIE	Centre for International Economics	
CIS	Centre for Independent Studies	
CNMI	Commonwealth of the Northern Mariana Islands	
CRA	Conzinc Riotinto of Australia	
CRP	Comprehensive Reform Program	
DAC	Development Assistance Committee	
DCP	Defence Cooperation Programme	
DFA	Department of Foreign Affairs	Merged with Department of Trade in 1987 to become DFAT.
DFAT	Department of Foreign Affairs and Trade	
DIFF	Development Import Finance Facility	
DWFN	Distant Water Fishing Nation	
DoD	Department of Defence	
EC	European Commission	
ECP	Enhanced Cooperation Programme	

EEZ	Exclusive Economic Zone
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
FEMM	Forum Economic Ministers Meeting
FFA	Forum Fisheries Agency
FFMM	Forum Finance Ministers Meeting
FIC	Forum Island Country
FLP	Fiji Labour Party
FSM	Federated States of Micronesia
FTMM	Forum Trade Ministers Meeting
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
ICRC	International Committee of the Red Cross
IFM	Isatabu Freedom Movement
IMF	International Monetary Fund
IPMT	International Peace Monitoring Team
JDP	Joint Declaration of Principles Guiding Relations between Australia and PNG
MEF	Malaitan Eagle Force
MFA	Multifibre Arrangement
MIRAB	Migration, Remittances and Bureaucracy
MP	Member of Parliament
NAFTA	North American Free Trade Agreement
NCDS	National Centre for Development Studies Predecessor to the Crawford School of Economics and Government at the ANU.
NGO	Non-governmental Organisation
NIE	New Institutional Economics
OECD	Organisation for Economic Cooperation and Development
ONA	Office of National Assessments
PACER	Pacific Agreement on Closer Economic Relations
PACTRA	Papua New Guinea-Australia Trade and Commercial Relations Agreement
PARTA	Pacific Regional Trade Agreement
PICTA	Pacific Island Countries Trade Agreement
PIF	Pacific Islands Forum Name changed from SPF in 2000.
PM&C	Department of Prime Minister and Cabinet
PMC	Peace Monitoring Council
PMG	Peace Monitoring Group
PNG	Papua New Guinea

PNGDF	Papua New Guinea Defence Force	
PPF	Participating Police Force	
PRAN	Pacific Regional Assistance to Nauru	
PSWPS	Pacific Seasonal Workers Pilot Scheme	
PTA	Preferential Trade Agreement	
RAMSI	Regional Assistance Mission to Solomon Islands	
RFMF	Royal Fiji Military Force	
RMI	Republic of the Marshall Islands	
RSIP	Royal Solomon Islands Police	
RTZ	Rio Tinto-Zinc	
SAS	Special Air Service	
SBS	Special Broadcasting Service	
SDL	<i>Soqosoqo Duavata ni Lewenivanua</i>	
SIBC	Solomon Islands Broadcasting Corporation	
SIDS	Small Island Developing States	
SMH	Sydney Morning Herald	
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement	
SPC	Secretariat of the Pacific Community	
SPF	South Pacific Forum	Name changed to PIF in 2000.
SPNFZ	South Pacific Nuclear Free Zone	
SSGM	State Society and Governance in Melanesia	
TCU	Timber Control Unit	
TMG	Truce-Monitoring Group	
TPA	Townsville Peace Agreement	
UK	United Kingdom	
UN	United Nations	
UNDP	United Nations Development Program	
US	United States	
USSR	Union of Soviet Socialist Republics	
WTO	World Trade Organization	

## Map of Australia and the Pacific islands region



Map from Wikimedia Commons,  
<<http://upload.wikimedia.org/wikipedia/commons/1/18/Oceania98.svg>>  
(accessed on 23 May 2012).

## Introduction

To Australia's immediate east and north-east lie the Pacific Ocean and the hundreds of islands that comprise its Pacific neighbourhood. Since first European settlement, Australian policy-makers have understood that Australia has security, commercial and humanitarian interests in the Pacific islands. Despite this stable set of interests, the direction and intensity of Australian engagement have fluctuated greatly, and Australian governments have consistently found it difficult to achieve their objectives in the Pacific islands. This apparent paradox forms the central puzzle that this thesis seeks to investigate through analysis of the history of Australia's relationship with the Pacific islands from 1988 to 2007.

Scattered across the Pacific Ocean lie the archipelagos and isolated islands that, along with the much larger land mass belonging to Papua New Guinea (PNG), are treated by Australian foreign policy as the Pacific islands region.<sup>1</sup> The physical geography of the region ranges from volcanic islands with fertile soil and peaks up to 4,500 metres through to tiny, barren coral atolls that rise just metres above sea level. A total of some eight million people live in the islands, including indigenous Melanesian, Polynesian and Micronesian peoples, descendants of European settlers and Indian indentured labourers, Chinese and other Asian traders, and migrants from throughout the world. More than 1,000 languages are spoken by these peoples, the vast majority in the principally Melanesian countries of PNG, Solomon Islands and Vanuatu. Politically, the region includes fourteen independent states and some territories still governed by distant powers. The distinction between the two categories is blurred by the arrangements of shared sovereignty that many of the former have with their erstwhile colonial ruler, and by the varying degrees of autonomy granted to the latter. The Pacific islands' relatively small population thus belies its great social and political diversity.

Australia's principal interests in the Pacific islands have changed little since the first European settlement in the region. First and foremost, the islands' proximity and control over maritime approaches to Australia make them strategically sensitive. A

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1 Although the size of New Guinea, of which approximately half is the territory of PNG, makes the term 'island' somewhat misleading, it is used to distinguish the 'Pacific islands' from the 'Pacific', which has come to include, if not consist exclusively of, the countries of the Pacific rim.

key Australian priority has therefore been to exclude potentially hostile forces from the Pacific islands, including 19th century French and German colonial ventures, the Japanese military during World War II, the Union of Soviet Socialist Republics (USSR) during the Cold War, and criminal and terrorist groups during the last decade. Second, the Pacific islands have been a source of wealth, from coconut and sugar plantations, trading companies and other service industries to sales of consumer goods, mining and the provision of development assistance. Supporting the interests of these industries has been a key goal of Australian policies. Last has been the humanitarian interest in helping the peoples of the Pacific islands to recover from natural disasters or improve their well-being through development assistance and other forms of aid. Australia's 'special responsibility' to assist the Pacific islands can also be seen as a form of enlightened self-interest that serves strategic and commercial imperatives and responds to the expectation of key allies, notably the United Kingdom (UK) or, since World War II, the United States (US).

Contrasting with this apparently stable and widely understood set of objectives, Australia's policies toward the Pacific islands have varied greatly. At regular intervals, their underlying approach has been reformulated, for example, to emphasise respect for sovereignty, to promote economic reform, and to intervene directly in 'failing' Pacific island states. The unrolling of this succession of policy approaches has been frequently interrupted by events in the Pacific islands and the intrusion of Australian objectives unrelated to the Pacific islands. These incidents disrupt Australia's relationships with the Pacific islands and undermine the credibility of its foreign policy stance, thus hindering the pursuit of its broader policy objectives. The title of this thesis, *Overseeing and Overlooking*, reflects the dichotomy between instances of active, and even overbearing, engagement and periods of indifference toward the Pacific islands.

The central question addressed by this thesis is how to explain the volatility in Australia's foreign policy toward the Pacific islands. What has caused or allowed the underlying approach to Australian policies to be periodically redefined? How is it that events or unrelated objectives have so regularly interrupted that approach and heralded a period of stagnation? Its key finding is that Australian engagement has

followed a distinctive cyclic pattern that begins with a crisis followed by invigorated engagement, then disillusion and finally stagnation. Critical to each phase of this cycle is the weak institutionalisation in Australia of its relationships with the Pacific islands, which renders them strongly dependent on ministerial attention. Stated more precisely, there is no part of the world in which Australia has such strong and abiding interests that are so unevenly represented in its bureaucratic and governmental institutions. This means that when senior ministers pay attention to the Pacific islands, they are largely free to reshape and reinvigorate Australian engagement, but when their attention is diverted, policy rapidly stagnates and is easily derailed. The central proposition of this thesis is therefore that weak institutionalisation is a critical causal factor behind the volatility of Australia's approach to its relationship with the Pacific islands.

This thesis makes the first sustained analysis of Australian policies toward the Pacific islands. It aims to apply a rigour to the analysis of these policies that has more usually been reserved for countries perceived to be of greater global importance to Australia. By incorporating this marginal subject matter into a broader debate, it can test more sweeping analyses and thus contribute to debates over the sources and processes of foreign policy-making.

As the political, social, environmental and economic situations of many Pacific islands continue to challenge Australian governments, it is timely to take stock of the lessons that can be learned from past policy deliberations and outcomes. This thesis seeks to do so in three distinct ways. First, it contextualises and challenges existing interpretations of Australia's relationships with the Pacific islands, most notably through an explicit consideration of the political processes that translate external pressures into policy outcomes. Second, by dissecting and analysing the policies and their contradictions, it provides much greater clarity than, as is often the case in writing critical of existing policies, ascribing inconsistency or lack of direction to

mistaken ideas or the lack of some feature.<sup>2</sup> Third, this thesis explains in detail the nature and timing of changes in policy, and their obverse, policy stasis. Making sense of the past evolution of policies is essential to understanding their possible future directions and the scope for influencing them.

### ***Existing interpretations***

Published writing concerning Australian engagement with the Pacific islands has tended to parallel the episodic and reactive nature, and indeed can be seen as part of, the engagement itself. Much descriptive writing has concentrated on key incidents, such as the 1987, 2000 and 2006 coups in Fiji, the 1997 Sandline Affair in PNG and the 2003 Australian decision to intervene in Solomon Islands.<sup>3</sup> A single sustained account

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- 2 This observation applies equally to critics on the left and on the right. See, for example, AID/WATCH, *Boomerang Aid: Not Good Enough Minister! Response to Australian Foreign Minister Downer's Comments on Boomerang Aid*, Sydney, AID/WATCH, 2005; John Roughan, 'RAMSI failed us!', in *Solomon Star*, 22 May 2006, cited in Nic Maclellan, Anna Powles et al, *Bridging the Gap Between State and Society: New Directions for the Solomon Islands*, Oxfam Australian and Oxfam New Zealand, 2006, p.24; Helen Hughes & Gaurav Sodhi, *Should Australia and New Zealand Open Their Doors to Guest Workers From the Pacific? Costs and Benefits*, Sydney, Centre for Independent Studies, 2006; Shahar Hameiri, 'Failed States or a Failed Paradigm? State Capacity and the Limits of Institutionalism', *Journal of International Relations & Development*, Vol.10, No.2, 2007.
- 3 Matthew Gubb, 'The Australian Military Response to the Fiji Coup: An Assessment', Canberra, Research School of Pacific Studies, ANU, 1988; Roderic Alley, 'The 1987 Military Coups in Fiji: The Regional Implications', *The Contemporary Pacific*, Vol.2, No.1, Spring 1990, pp.37-58; Hugh Smith, 'Deterring and Defeating Coups d'Etat in the Asia Pacific', in Ivan Molloy (ed.), *The Eye of the Cyclone: Issues in Pacific Security*, Sippy Downs, Qld., PIPSA & University of the Sunshine Coast, 2004; Jenny Hayward-Jones, *Fiji at Home and in the World: Public Opinion and Foreign Policy*, Sydney, Lowy Institute, 2011; Mary-Louise O'Callaghan, *Enemies Within: Papua New Guinea, Australia and the Sandline Crisis: The Inside Story*, Sydney, Doubleday, 1999; Sean Dorney, *The Sandline Affair: Politics and Mercenaries and the Bougainville Crisis*, Sydney, ABC Books, 1998; Sinclair Dinnen, Ron May et al (eds), *Challenging the State: The Sandline Affair in Papua New Guinea*, Canberra, National Centre for Development Studies, RSPAS, ANU & Department of Political and Social Change, RSPAS, ANU, 1997; Binoy Kampmark, 'The Solomon Islands: The Limits of Intervention', *New Zealand International Review*, Vol.28, No.6, November 2003, pp.6-9; Sinclair Dinnen, 'Aid Effectiveness and Australia's New Interventionism in the Southwest Pacific', *Development bulletin*, Vol.65, August 2004, pp.76-80; Sinclair Dinnen, 'Lending a Fist? Australia's New Interventionism in the Southwest Pacific', *Discussion Paper 2004/5*, Canberra, State, Society and Governance in Melanesia, ANU, 2004; Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', *Journal of the Royal Historical Society of Queensland*, Vol.19, No.4, November 2005, pp.732-48; Tarcisius Tara Kabutaulaka, 'Australian Foreign Policy and the RAMSI Intervention in Solomon Islands', *Contemporary Pacific*, Vol.17, No.2, 2005, pp.283-308; Richard Ponzio, 'The Solomon Islands: The UN and Intervention by Coalitions of the Willing', *International Peacekeeping*, Vol.12, 2005, pp.173-188; Christian Hirst, *Foresight or Folly? RAMSI and Australia's Post-9/11 South Pacific Policies*, Paper presented at the 2006 Fullbright Symposium, Maritime Governance and Security, Australian and American Perspectives, University of Tasmania, Hobart; Stewart Firth, 'The New Regionalism and its Contradictions', in Greg Fry & Tarcisius Tara Kabutaulaka (eds.), *Intervention and State-Building in the Pacific: The Legitimacy of 'Cooperative Intervention'*, Manchester, UK, Manchester University Press, 2008.



of Australia's relationships with the Pacific islands by historian Roger Thompson describes the key incidents in great detail but does not seek to explain the source of Australian policies.<sup>4</sup> Coverage of intervening periods has tended to be journalistic in nature, focusing on immediate events and hence emphasising the reactive nature of Australia's approach to the Pacific islands. This literature, which forms the bulk of writing on Australia's relationships with the Pacific islands, broadly analyses Australia's engagement as perpetually responding to events that move faster than Australian officials are able to follow.

Journalist and commentator Graeme Dobell takes this view of Australian engagement with the Pacific islands to its logical conclusion when he argues that its policy-making is essentially *ad hoc*.<sup>5</sup> In Dobell's analysis, there is always a gap between 'declared' policy, based on principles such as respect for sovereignty or fighting international terrorism, and 'real' policy, which is made on the run and driven by events in the region and beyond. When this gap becomes too large, 'declared' policy is reformulated as an *ex post facto* justification for 'real' policy. Dobell's analysis thus emphasises the reactive dimension of Australian policy and views declared principle as effects rather than drivers of policy.

In contrast to depictions of Australian policy as largely reactive, a number of analyses emphasise broader systemic drivers. A clear demarcation can be made between those that privilege economic explanations and others that favour strategic calculations as the primary determinant of Australian objectives in the Pacific islands. Cross-cutting this taxonomy is one between analyses that emphasise the exercise of Australian power in its relationships with the Pacific islands and those that emphasise cooperation.

In the first resulting category are Marxist-inspired analyses that prioritise the explanatory role of Australian economic power over the Pacific islands. Political economist Stuart Rosewarne presents an analysis of Australian policies since World

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4 Roger C. Thompson, *Australia and the Pacific Islands in the Twentieth Century*, Melbourne, Australian Scholarly Publishing, 1998.

5 Graeme Dobell, 'Australia's Intervention Policy: A Melanesian Learning Curve?', in Greg Fry & Tarcisius Tara Kabutaulaka (eds.), *Intervention and State-building in the Pacific: The Legitimacy of Co-Operative Intervention*, Manchester, UK, Manchester University Press, 2008, pp.54-71.

War II that, following Marxist theory, privileges the role of capital in driving an Australian imperialist agenda in the Pacific islands.<sup>6</sup> He infers that policies such as 'tying' aid to Australian suppliers and restructuring Pacific island economies according to neo-liberal economic prescriptions are driven by Australian economic interests. Political scientists Toby Carroll and Shahar Hameiri make a more subtle critique of Australian neo-liberal development assistance and state-building exercises.<sup>7</sup> In their analysis, the merging of security and development assistance agendas in these policies has been driven by the prevailing economic ideology in Australia, tempered by domestic political imperatives.

Scholars who describe a more cooperative or mutually beneficial relationship between Australia and the Pacific islands include political scientist Richard Herr, who argues that Pacific regionalism has played various roles for its participants at different times.<sup>8</sup> For the Pacific islands it has afforded substantial economic and developmental benefits and provided a mechanism to blunt the power of Australia and New Zealand. The latter have willingly paid this price for the security benefits that Pacific regionalism provides them. Rather than mutual benefits, political scientist Stewart Firth emphasises the importance of Pacific island and Australian public opinion in constraining Australian policy as it responds to events in the Pacific islands.<sup>9</sup>

Political scientists Michael O'Keefe and Allan Patience paint a picture of Australia's approach to the Pacific islands being driven by the Australian image of its place in the international geographical and strategic order.<sup>10</sup> In their analyses, the sense of being a

6 Stuart Rosewarne, 'Australia's Changing Role in the South Pacific: Global Restructuring and the Assertion of Metropolitan State Authority', *Journal of Australian Political Economy*, Vol.40, 1997, pp.80-116.

7 Toby Carroll & Shahar Hameiri, 'Good Governance and Security: The Limits of Australia's New Aid Programme', *Journal of Contemporary Asia*, Vol.37, No.4, 2007, pp.410-30; Shahar Hameiri, 'State Building or Crisis Management? A Critical Analysis of the Social and Political Implications of the Regional Assistance Mission to Solomon Islands', *Third World Quarterly*, Vol.30, No.1, 2009, pp.35-52.

8 Richard Herr, 'Regionalism, Strategic Denial and South Pacific Security', *Journal of Pacific History*, Vol.21, No.4, 1986, pp.170-82; Richard Herr & Anthony Bergin, *Our Near Abroad: Australia and Pacific Islands Regionalism*, Canberra, Australian Strategic Policy Institute, 2012, p.11.

9 Stewart Firth, 'Australia and the Pacific Islands', in Richard W. Baker (ed.), *The ANZUS States and Their Region: Regional Policies of Australia, New Zealand and the United States*, Westport, Conn., Praeger, 1994, pp.89-9.

10 Michael O'Keefe, 'Australian Intervention in Its Neighbourhood: Sheriff and Humanitarian?', in Tony Coady & Michael O'Keefe (eds.), *Righteous Violence: The Ethics and Politics of Military Intervention*, 2005; Allan Patience, 'The ECP and Australia's Middle Power Ambitions', *Discussion Paper 2005/4*, Canberra, State, Society and Governance in Melanesia, ANU, 2005.

medium-sized power surrounded by much larger Asian countries has driven a regional foreign policy stance that can be characterised as playing a dominant role in the region as a loyal ally of the US. The Pacific islands thus figure as largely powerless, or pawns in the strategic calculus that drives Australian policy.

Strategic analyst and former diplomat Stephen Henningham argues that Australia has neither the aspiration nor the ability to dominate the Pacific islands, despite dwarfing them in many respects.<sup>11</sup> In his analysis, Australia has no compelling strategic or economic interests that would drive it to do so. Furthermore, Australia is constrained by international norms and practices that uphold state sovereignty; by regional institutions, most notably the South Pacific Forum (SPF)/Pacific Islands Forum (PIF); by other regional powers such as Japan; and by domestic indifference to the Pacific islands. The implication of this argument is that Australia struggles to maintain its engagement with the Pacific islands, despite the influence that it does wield.

A consequence of geostrategic changes over the last 20 years has been the emergence of 'new security' perspectives on international relations. Political scientist Derek McDougall examines the applicability of the associated 'new war' and 'failed state' theses to recent conflicts in the Pacific islands, arguing that they need to be understood within a broader political framework.<sup>12</sup> One implication of his argument is that Australian policies may be suffering from an over-emphasis on the security dimension of conflicts in the Pacific islands. In a similar vein, political scientist John Henderson argues that, in contrast to New Zealand which has taken a broader view of security that includes political, social and environmental factors, Australia has remained wedded to a traditional, military, conception.<sup>13</sup> The view that Australia has been slow to respond to broad changes in the region coincides with the more general point that Australia tends to overlook the Pacific islands.

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11 Stephen Henningham, *The Pacific Island States: Security and Sovereignty in the Post-Cold War World*, St. Martin's Press, New York, 1995, pp.114-36; Stephen Henningham, *No Easy Answers: Australia and the Pacific Islands Region*, Canberra, Department of the Parliamentary Library, Commonwealth of Australia, 1995.

12 Derek McDougall, 'Conflicts in the Southwest Pacific: The Relevance of New Security Perspectives', *Contemporary Security Policy*, Vol.25, No.2, 2004, pp.339-59; Derek McDougall, 'Intervention in Solomon Islands', *Round Table*, Vol.93, No.374, April 2004, pp.213-23.

13 John Henderson, 'Oceania and the New Security Agenda', in Derek McDougall and Peter Shearman (ed.), *Australian security after 9/11 : new and old agendas*, Burlington, Ashgate Pub. Co., 2005, p.174.

A number of analyses focus on the influence of domestic political, bureaucratic and institutional factors on Australian policies. Historian Clive Moore makes former Foreign Minister Alexander Downer the central actor in the 2003 Australian decision to intervene in Solomon Islands, explaining how Downer came to be convinced and how he, in turn, convinced Prime Minister John Howard, to change policies. In their key text on Australian foreign policy, former diplomat and bureaucrat Allan Gyngell and political scientist Michael Wesley use the 1997 Sandline affair to illustrate their thesis that Australian foreign policy-making is characterised by collegiality among ministers and senior bureaucrats.<sup>14</sup> Political scientist Greg Fry's accounts of the evolution of Australian policy assign particular importance to underlying ideas about the Pacific islands and their significance for Australia.<sup>15</sup> Political scientist Roderic Alley asks why Australia's approach to the Bougainville conflict contradicted the more principled approach articulated by Foreign Minister Gareth Evans and put into practice in Cambodia.<sup>16</sup> In answer, he suggests that established approaches to Australia's immediate neighbourhood that gave primacy to security and sovereignty proved particularly resistant to change. While his account is convincing thus far, it discounts the shift in Australian diplomacy following the Sandline affair that included throwing Australia's weight behind the peace negotiations that New Zealand was hosting.

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14 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, Port Melbourne, Cambridge University Press, 2003, pp.1-6.

15 Greg Fry, 'Australia's South Pacific Policy: From 'Strategic Denial' to 'Constructive Commitment'', Canberra, Department of International Relations, ANU, 1991; Greg Fry, 'Constructive Commitment' with the South Pacific: Monroe Doctrine or New 'Partnership'', in Greg Fry (ed.), *Australia's Regional Security*, North Sydney, Allen & Unwin, 1991; Greg Fry, 'Framing the Islands: Knowledge and Power in Changing Australian Images of 'The South Pacific'', Canberra, Department of International Relations, ANU, 1996; Greg Fry, 'Australia and the South Pacific: The Rationalist Ascendancy', in James Cotton & John Ravenhill (eds.), *Seeking Asian Engagement: Australia in World Affairs 1991-1995*, Melbourne, Oxford University Press, 1997; Greg Fry, 'Whose Oceania? Contending Visions of Community in Pacific Region-Building', Canberra, Department of International Relations, ANU, 2004; Greg Fry, 'The 'War Against Terror' and Australia's New Interventionism in the Pacific', Canberra, Department of International Relations, ANU, 2004; Greg Fry, 'Our Patch': The War on Terror and the New Interventionism', in Greg Fry & Tarcisius Tara Kabutaulaka (eds.), *Intervention and State-building in the Pacific: The Legitimacy of Co-Operative Intervention*, Manchester, UK, Manchester University Press, 2008; Greg Fry, 'Australia in Oceania: A 'New Era of Cooperation'?', in Lorraine Elliott, William T. Tow & John Ravenhill (eds.), *Australian Foreign Policy Futures: Making Middle-Power Leadership Work?*, Canberra, Department of International Relations, RSPAS, ANU, 2008.

16 Roderic Alley, *The Domestic Politics of International Relations: Cases From Australia, New Zealand and Oceania*, Aldershot, Ashgate, 2000, p.108.

A common theme among much analysis is the ascription of the volatility of Australian policies to weak Australian interests in the Pacific islands and consequent lack of any driving influence on those policies. This argument explains the differences between Australia's relationship with the Pacific islands and with other regional partners. Most obviously, Australia's policies toward and relationships with South-East Asian countries have remained stable and strong despite periodic diplomatic incidents, public outrage over particular events and conflicts of interest. However, positing Australian policy-making toward the Pacific islands as an aberration from the norm of strong interests driving stable policies provides little explanation for the policies that have been enacted in the absence of such interests.

Academic specialists in the Pacific islands have sought explicitly to bring Pacific island perspectives to bear on Australia's policies. They argue that, because policies fail to take into account certain social, cultural, political or economic features of the Pacific islands, they have produced unintended effects. For instance, Sinclair Dinnen argues that a lack of sensitivity to the way that Australia is perceived, especially in relation to its former role as a colonial power, generates resistance on the part of Pacific island leaders, which erodes the effectiveness of its policies.<sup>17</sup> The lack of understanding in Australia of the Pacific islands is readily explained by their small size and generally low standing among Australian foreign policy priorities.

An alternative explanation for the difficulties that Australian governments have encountered in realising their objectives, explored by social scientist Dorke De Gedare and political scientist Peter Larmour, points to the ways that Pacific island leaders have resisted the exercise of Australian power.<sup>18</sup> The concept of 'weapons of the weak', such as following the letter but not the spirit of agreements, expelling officials and staging demonstrations, describes well the tactics that Pacific island leaders have employed and the discord that has occurred between Australia and some of the Pacific islands. A second concept, that of 'unrealised power' caused by a lack of resolve in Australia and competition from other policy objectives, helps to explain

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17 Sinclair Dinnen, 'Lending a Fist?', p.2.

18 Dorke De Gedare, *Australia-Papua New Guinea Relations, 1980-1990: Independence and Change*, Masters Thesis, Wollongong University, 1994; Peter Larmour, 'Conditionality, Coercion and Other Forms of 'Power': International Financial Institutions in the Pacific', *Public Administration and Development*, Vol.22, No.3, 2002, pp.249-260.

the effectiveness of these ‘weapons of the weak’. Analyses based on these concepts have the virtue of providing a positive explanation that incorporates the agency of Pacific islanders in shaping Australian relationships with the countries of the region.

### ***Weaving the threads together: a model of foreign policy-making***

In order to address the question posed by the volatility of Australian policies toward the Pacific islands, this thesis first considers these policies as an instance of its broader foreign policy. It draws on theory that conceives of foreign policy as subject to influences at the international, domestic and governmental levels.<sup>19</sup> International factors include geography, economy, population and the structure of international alliances. At the local level, domestic societal interests in foreign policy outcomes range from vested commercial interests to humanitarian and environmental public interest pressures. The interaction of these factors is shaped by governmental factors, that is, the characteristics of the political and bureaucratic institutions that are responsible for producing policy decisions. Reflecting the direction taken by foreign policy analysis since the end of the Cold War and the insights of the ‘constructivist’ school of international relations, this thesis complements these structural factors with heightened attention to the agency of the individuals whom the structures empower to make decisions about policy.<sup>20</sup>

Seeking to explain their peculiar volatility, this thesis focuses explicitly on the process of change in Australian policies toward the Pacific islands. Following the logic of foreign policy analysis, it seeks to explain change by reference to the decisions that produce it. It draws on a body of theory that abstracts decision-making away from any idealised notion of a rational response to a well-defined situation.<sup>21</sup> Rather, policy-makers are seen to match ‘solutions’ with ‘problems’ based on criteria that must be investigated. This theory pays particular attention to the role of ‘policy

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19 James N. Rosenau, ‘Introduction: New Directions and Recurrent Questions in the Comparative Study of Foreign Policy’, in Charles F. Hermann, Charles W. Kegley & James N. Rosenau (eds.), *New Directions in the Study of Foreign Policy*, Boston, Allen & Unwin, 1987; Kim Richard Nossal, *The Politics of Canadian Foreign Policy*, Scarborough, Prentice-Hall Canada, 1989, p.5.

20 Chris Alden & Amnon Aran, *Foreign Policy Analysis: New Approaches*, Abingdon, Oxon; New York, Routledge, 2012, pp.1-2.

21 John W. Kingdon, *Agendas, Alternatives, and Public Policies*, New York, HarperCollins College Publishers, 1995, pp.71-89.

entrepreneurs', individuals who succeed in bringing about a change in policy by defining a problem or specifying a solution to one.

### ***Research design and methodology***

This thesis applies these two bodies of theory to the historical evidence of the making of Australian policies in order to explain their characteristic features. It aims in particular to test the hypothesis that it is the weak institutionalisation of relationships with the Pacific islands, rather than the weakness of Australian interests, that is responsible for volatility in policy. To do so, it develops a detailed historical narrative of Australian policy-making over the period from 1988 to 2007. This period begins with the epochal change in foreign relations caused by the end of the Cold War that coincided with the appointment of Gareth Evans as foreign minister, and finishes with the electoral defeat of the Howard government.

This historical narrative relates Australian engagement with the Pacific islands through the actions of those who were responsible for it. At each step, it investigates, firstly, the international, domestic and governmental settings and historical juncture and secondly, the personal understandings, experiences and decisions of those key actors. The first set of data can be largely assembled from the public record, complemented by the account of individuals with particular personal knowledge or experience of the relevant period and events. The second requires the personal account of those key actors and others who worked closely with them. While some such information can be found in biographical work, interviews are the primary method of obtaining these accounts.

The research component of this thesis thus involved gathering as much information and opinion as possible on Australia's relationship with and policies toward the Pacific islands from sources in the Australian government, interest groups and policy community and their Pacific island counterparts and interlocutors. This qualitative research was collated electronically in order to allow computerised searching according to a variety of criteria. The final analysis was made through a long process of testing and refining the thesis proposition against the mass of assembled data.

The most extensive source of information for this project was contemporaneous Australian journalistic accounts. An electronic search for terms relating to the Pacific Islands was made of the *Sydney Morning Herald* (SMH) from 1980 until 2007 and the *Australian* from 1996 until 2007.<sup>22</sup> The SMH was chosen because, in addition to covering foreign affairs, it is the only Australian newspaper to have its content electronically indexed far enough into the past. The *Australian*, despite being indexed only since 1996, has been the newspaper of reference for Australian foreign policy and offers a different perspective from the SMH. The *Australian Financial Review* (AFR) also became available electronically during the final writing of the thesis in 2011 and was used in some cases. Other newspapers and magazines were used selectively rather than systematically.

The other main source of archival material was official documents, such as annual reports, policy papers and reviews produced by Australian government departments, including AusAID and its predecessors, the Department of Foreign Affairs and Trade (DFAT) and the Department of Defence (DoD); from other governments, notably the New Zealand and Pacific islands governments; from regional institutions including the Secretariat of the Pacific Community (SPC), SPF/PIF; and from international institutions, including the United Nations (UN), World Bank and International Monetary Fund (IMF). Additional archival material included parliamentary and other inquiries, Royal Commissions and ministerial speeches.

The second main kind of data for this research project was obtained from elite, or expert, interviews undertaken by the researcher. This form of interview stresses the interviewees' definition of the situation, encouraging them to define and structure the account of the situation and introduce their notions of what is and is not relevant.<sup>23</sup> The interviews thus allowed the interviewees, who were in many cases active participants in Australia's relationship with the Pacific islands, to explain their personal perspective and understanding of the situation. They equally supplemented

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22 The terms search for were: PNG, Papua, Solomon Islands, Hebrides, Vanuatu, Caledonia, Fiji, Nauru, Cook Islands, Kiribati, Marshall Islands, Niue, Palau, Samoa, Tonga, Tuvalu, Micronesia, Melanesia, Polynesia, Oceania. Owing to its association with the Pacific rim rather than the Pacific islands, the term 'Pacific' was excluded.

23 Lewis Anthony Dexter, *Elite and Specialized Interviewing*, Evanston, Ill., Northwestern University Press, 1970, p.5.



other sources of information with material details of the policy-making process that were otherwise unavailable.

A total of 78 interviews was conducted with individuals including former Australian Prime Minister John Howard, all foreign ministers between 1975 and 2007 (six), senior or retired diplomats (10), other DFAT officials (two) and AusAID (11), Australian and Pacific journalists (five), company directors (three), non-governmental organisation (NGO) employees (four), Church employees (two) and academics (11). The researcher spent three months conducting interviews in Tonga (two), Fiji (10), Solomon Islands (10), Vanuatu (five) and PNG (nine) from October 2007 to January 2008. A full list of interviewees is provided in Appendix B. In addition, he spent eight months as a Visiting Scholar at the University of the South Pacific in Suva, Fiji, between March and December 2008. During this period he was immersed in an urban Pacific environment in Suva, the most important administrative centre in the Pacific islands, exchanging views in formal and informal environments with a wide range of people, including academics, employees of regional NGOs, aid practitioners and businesspeople. In accordance with the university's ethics guidelines, the interviews were conducted on a not-for-attribution basis. The attributions that appear in this thesis were explicitly approved by the interviewee in question following a request after the thesis was written.

In conducting elite interviews, the researcher was conscious of some important considerations that apply to this form of research. First, despite the professional relationship between interviewee and interviewer, the position of an Australian PhD candidate conducting interviews in Pacific states is not a neutral one.<sup>24</sup> In addition to the researcher's at best partial familiarity with local customs and culture, each unavoidably carries a set of assumptions about the other that manifest in the way questions are asked and responses given. Australian officials may equally have a positive or negative prejudice toward academia or be sensitive about the way their position or former position is perceived. The researcher worked to mitigate these potential pitfalls by making an effort to learn and demonstrate knowledge of critical

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24 Gill Valentine, 'Tell Me About...: Using Interviews as a Research Methodology', in Robin Flowerdew & David Martin (eds.), *Methods in Human Geography: A Guide for Students Doing Research Projects*, Harlow, Longman, 1997, p.113.

aspects of local culture, by working as far as possible towards establishing a mutual understanding with interviewees and by being frank and honest about the work.

Incorporating interview findings into the research also presents a particular set of challenges. In addition to the way that the relationship between interviewer and interviewee can colour the exchange of information, interviewees may simply have forgotten details of events that, in some cases, occurred many years previously. Nonetheless, with appropriate care, elite interviews can be interpreted to provide an invaluable source of otherwise unavailable information.<sup>25</sup> The researcher made use of the technique of 'triangulation', that is, correlating information against that received from other sources and seeking to explain discrepancies or differences in emphasis by reference to the factors described above.

Other informal sources also presented certain difficulties in their use. The authenticity of leaked documents from government departments cannot be confirmed, but they can be subject to critical scrutiny for plausibility. Casual discussions cannot be cited and information received from these sources, however plausible, can be treated only as conjecture in the absence of corroborating evidence. Nonetheless, such informal sources proved helpful in particular circumstances for corroborating or contradicting other evidence and for opening new lines of inquiry.

In order to facilitate correlation and searching, the gathered data were encoded in a number of ways using computer software.<sup>26</sup> Interviews were first transcribed, as were notes taken from archival sources. Where the source itself was digital, it could be used directly by indexing software. Newspaper articles were scoured for relevant information that was entered into a database, along with dates and geographic and thematic keywords. This provided a searchable timeline of events and commentary on the research material. Finally, desktop search software was used to automatically encode all digital data, articles and notes made during the course of the research into a single database that can be searched by content. Together these tools permitted

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25 Gill Valentine, 'Tell Me About...', pp.110-126.

26 As a matter of principle, and a demonstration of its feasibility, the researcher made use of Free and Open Source software as far as possible in the preparation of this thesis. The most important of these are the GNU/Linux operating system, OpenOffice/LibreOffice office suite, Beagle desktop search software, Bibus bibliography management and SQLite database engine. This thesis is typeset using the Open Source Libertine and Biolinum fonts.

rapid searching of all the collected data according to sophisticated criteria. The information thus assembled was analysed extensively throughout the course of formulating and evaluating hypotheses and mounting arguments in support of the conclusions.

***Key findings: weak institutionalisation and engagement cycles***

The key conclusions of this analysis begin with its central proposition that the weak institutionalisation of Australia's relationship with the Pacific islands is responsible for the volatility in its approach. Without the stabilising influence that dedicated institutions provide to other important international relationships, those with the Pacific islands are, on the one hand, prone to drift and disengagement and on the other, readily reshaped at the instigation of a senior minister. Australia's engagement with the Pacific islands has followed a distinctive cyclic pattern, which can be described as beginning with a crisis, followed by invigorated engagement, then disillusion and stagnation until the next crisis.

Policy entrepreneurs play a critical if short-lived role in initiating this cycle of engagement. They do this by introducing into the policy debate a new discourse that at once demonstrates the existence of a crisis facing Australia's relationship with one or several of the Pacific islands, and provides a practical policy response. The foreign minister, or occasionally the prime minister, embraces this policy prescription and, free from institutional encumbrances, implements it wholeheartedly. The invigorated engagement that follows is embraced by the Australian policy community, media and public. The government, convinced of the correctness of its course of action, extends the new approach to other Pacific islands, whether or not they are facing the same kind of 'crisis' that initiated the cycle.

The smooth adoption of the new approach inevitably runs into difficulties from one or more sources. First, one or more Pacific island leaders, resentful at Australian actions, mobilises some form of resistance to oppose them. Expressions of power on each side can rapidly escalate into diplomatic disputes and the freezing of official relations. Second, the ministerial attention that gave rise to the reinvigorated engagement is

distracted by other pressing issues. The Australian media and public similarly rapidly lose their enthusiasm for the Pacific islands. Without that ministerial and public attention, the implementation of policy by the bureaucracy tends to become more rigid rather than adjust in response to evolving circumstances, further aggravating resentment in the Pacific islands. In some cases, such as the 'Pacific solution' of hosting detention centres for irregular boat arrivals, the underlying approach is completely subordinated to other imperatives. Finally, stagnation sets in as the optimism engendered by the new approach gives way to familiar low expectations.

### ***Chapter outline***

Chapter one lays out the theoretical perspectives that this thesis applies to the problems of foreign policy and policy change, and how they may be applied to Australian policies in the Pacific islands. It details the international context, the structure of state relations and the tension between Australia's global 'middle power' status and its leadership role in the Pacific islands. It describes the Australian domestic context, characterised by a small policy community and few highly concentrated interest groups, and the governmental context in which DFAT is the premier agency and the power over policy is invested in the foreign minister. Three enduring ideas about the Pacific islands inform Australian policies: as a potential threat, as a source of wealth and as a special responsibility. Turning to the dynamic aspects of policy, this chapter outlines a theory that abstracts policy-making as a matching of 'solutions' to 'problems' at 'critical junctures' created by 'policy entrepreneurs'.

Chapter two introduces the subject of the Australian policies considered by this thesis: the Pacific islands and their highly distinctive peoples, states, economies and political systems. It argues that one of their key defining features, smallness, not only belies their great complexity, but underlies many of their other features. Their smallness has equally meant that Australian policy-makers have been prone to jumping to conclusions and transferring analyses developed elsewhere with little consideration of those features.

Chapters three to seven relate the Australian engagement with the Pacific from 1988 to 2007, arranged on a chronological basis. Relating this history chronologically makes it possible to describe the policy-making process synchronically as the interaction of all the factors present at each moment. The periodisation of the narrative is driven by the successive iterations of the engagement cycle. Thus chapter three relates the engagement driven by Foreign Minister Gareth Evans from 1988 under the banner of 'constructive commitment', with its focus on respect for the sovereignty of the Pacific islands, and the subsequent challenge posed by the secessionist rebellion on Bougainville. Chapter four analyses the promotion of economic reform instigated in 1994 by Minister for Pacific Island Affairs Gordon Bilney, who reformulated aid as an exchange and through his persistent attention managed one of the more effective expressions of Australian power. Chapter five describes the first four years of the Howard coalition government, the confidence engendered by its early achievement in helping to end the war on Bougainville before it lapsed into a period of neglect of the Pacific islands. Chapter six relates Foreign Minister Alexander Downer's 'brief and glorious period' of good relations with PNG and confident, if ultimately ineffective, responses to upheaval in Fiji and Solomon Islands. Chapter seven deals with the 'new interventionism' begun in 2003 and subsequent confrontations with the governments of PNG, Solomon Islands, Vanuatu and Fiji.

Chapter eight draws final conclusions from the five chapters of historical narrative. It presents the argument that weak institutionalisation is a crucial factor for explaining the particularities of Australian engagement in the Pacific islands. It reiterates the model of engagement cycles, drawing attention to the importance of weak institutionalisation at different phases of the cycle. Finally, it discusses the possible future of Australian policies in the Pacific islands in the light of events since 2007 and the implications of this analysis.

## **1 – Accounting for changing foreign policy**

This thesis seeks to analyse Australian policies toward the Pacific islands by investigating the source of their distinctive features. Firstly, it aims to identify the origin of the periodic redefinition of Australia's objectives and strategies for realising them. Secondly, it seeks to explain how these underlying approaches have frequently come to be derailed by events in the Pacific islands or competing Australian objectives. Accomplishing these tasks requires a theory of foreign policy that is sufficiently broad to encompass the particularities of the Pacific islands and their relationships with Australia. This theory must be complemented by a dynamic model of policy-making that considers explicitly the process of policy change.

This chapter describes these theoretical foundations and their application to the case of Australian policies toward the Pacific islands. It describes a model in which foreign policy is conditioned by the international, domestic and governmental settings in which it is made. The international setting is composed of the structure of relations between states and the exercise of power within that structure. The domestic setting incorporates the societal groups that take an interest in foreign policy or have a preference for a particular policy. The governmental setting comprises the bureaucratic and political institutions and the individuals that they empower to decide policy.

Informing foreign policy with a degree of autonomy from the material contexts that underlie it are the ideas that permeate Australian approaches to the Pacific islands. Three enduring ideas about the meaning of the Pacific islands to Australia can be discerned: as a threat, as an opportunity and as a responsibility.

Finally, the dynamic element of Australia's policies toward the Pacific islands is captured by considering policy-making as a process. The decision-making that creates policy is abstracted into one of matching 'solutions' to 'problems' at particular 'policy windows'. The task of explaining policy-making thus becomes one of explaining how and when certain problems come to occupy the political agenda, and the origin of the solutions that are chosen.

### ***The determinants of foreign policy***

Foreign policy is defined as policy with impacts that extend beyond the boundaries of the state that makes it. Its analysis shares a number of theoretical approaches with the related discipline of international relations.<sup>1</sup> 'Realist' analyses treat it as concerned with and determined by international phenomena and the 'high' politics of power.<sup>2</sup> 'Idealist' critics of this perspective argue that, however useful it may have been in an earlier period, it no longer accurately describes the manner in which states interact with one another.<sup>3</sup> Advances in communications technology and the globalisation of the market blur the lines between the 'high' politics of order, peace and war and the 'low' politics of economics, environment and social issues. Importantly, these issues of 'low' politics involve societies in a way that cannot be ignored in any analysis of foreign policy. 'Constructivist' scholars have further broadened the field of inquiry to include the social and historical origins of international relations.<sup>4</sup>

Foreign policy analysis distinguishes itself from international relations in its explicit attention to the individuals, institutions and processes that produce states' foreign policy.<sup>5</sup> It is therefore attentive to the characteristics of governments which, situated between the 'high' politics of inter-state relations and the 'low' politics of societal issues, is charged with formulating and implementing the foreign policy of the state.<sup>6</sup> The functional contribution of government consists of translating the international

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1 Chris Alden & Amnon Aran, *Foreign Policy Analysis*, pp.1-13.

2 Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, New York, Knopf, 1973; Hedley Bull, *The Anarchical Society: A Study of Order in World Politics*, New York, Columbia University Press, 1977; Kenneth N. Waltz, *Theory of International Politics*, New York, McGraw-Hill, 1979.

3 Robert O. Keohane & Joseph S. Nye, *Power and Interdependence: World Politics in Transition*, Boston, Little, Brown, 1977; James N. Rosenau, 'Introduction'.

4 Alexander Wendt, 'Anarchy is What States Make of It: The Social Construction of Power Politics', *International Organization*, Vol.46, No.2, 1992, pp.391-425; Martha Finnemore, *National Interests in International Society*, Ithaca, Cornell University Press, 1996; John Gerard Ruggie, *Constructing the World Polity: Essays on International Institutionalization*, London ; New York, Routledge, 1998; Alexander Wendt, *Social theory of international politics*, Cambridge, Cambridge University Press, 1999.

5 Valerie M. Hudson, 'Gaddis' Lacuna: Foreign Policy Analysis and the End of the Cold War', *Working Paper 1993/5*, Canberra, Research School of Pacific Studies, ANU, 1993, pp.6-7; Chris Alden & Amnon Aran, *Foreign Policy Analysis*, pp.1-2.

6 Graham Allison & Phillip Zelikow, *Essence of Decision: Explaining the Cuban Missile Crisis*, New York, Longman, 1999; Morton Halperin & Arnold Kanter, *Readings in American Foreign Policy: A Bureaucratic Perspective*, Boston, Little Brown & Company, 1973, pp.2-40.

pressures and societal demands into concrete positions on a wide range of issues. The manner in which it fulfils this role is influenced by characteristics of the apparatus of government, notably the configuration of its formal institutions and the personal traits of key individuals within those institutions. Foreign policy thus sits at the nexus of the international, domestic and governmental contexts, each of which must be examined in order to explain the final outcome.

### **International setting**

Foreign policy is formulated in an international setting shaped by the structure of inter-state relations in which a country finds itself and its place within that structure.<sup>7</sup> These features are fixed inasmuch as they are not readily changed by the actions of policy-makers. They affect the manner in which states interact with one another, whether by endowing some states with particular powers over others or by ensuring that groups of states have a shared interest in certain outcomes. The exercise of power by one state over another is thus constrained by the position of each of them within that structure.

The structure of inter-state relations is defined by the network of states and the relationships among them. These relationships are determined by states' physical, social and political characteristics, largely, though not exclusively, through their contribution to state power. These characteristics include states' territorial size and location, both individually and relative to one other. States that have larger populations or sovereignty over natural resources or strategic locations are able to exploit these features to exercise leverage over other states. They are thus, other factors being equal, more powerful than those other states. The relative location of states affects the potential for trade, migration and military attack among them and is hence an important determinant of the nature of the relationships. Most notably, states that share a common border, depend on a common resource or are situated in proximity to each other are obliged to have a closer relationship than would otherwise be the case.

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<sup>7</sup> Christopher Hill, *The Changing Politics of Foreign Policy*, New York; Basingstoke, Palgrave Macmillan, 2003, pp.159-86.



Social characteristics that influence a state's power or otherwise affect its foreign policy include its economic size and structure, population and level of development. A larger economy or population or more advanced level of development typically means that resources can be mobilised in larger quantities or with greater efficiency. The extent to which a state's economy is diversified and self-sufficient, specialised and trade-dependent, or fragile and aid-dependent, equally affects its stance toward other states. In general, the more a state depends on others for access to resources, markets, transportation, defence or aid, the more its foreign policy is likely to reflect a cooperative stance toward those states or entities on which it depends. In contrast, military capacity gives a state the possibility of threatening conflict or repelling threats in defence of its interests, which increases its capacity for maintaining independent foreign policy positions.

Features of a state's international political orientation equally affect its foreign policy settings. Alignment with other states, especially powerful ones, can bring security and economic benefits to a state, augmenting its power while constraining its use within the terms of the alliance. Membership of international organisations can serve to promote shared interests and increase trust among states. Such alliances and organisations may be based on shared interests, ideology or regional identity.

The effects of power depend not only on the ability of one state to influence the behaviour of another, but on the use that its government makes of that ability.<sup>8</sup> Analysing the role of power in foreign policy therefore requires an understanding of the techniques of power and of resistance to power. Capability, or the possession of power, must be distinguished from influence, or the exercise of power. Power can be exercised in varying degrees ranging from persuasion and inducement through to coercion, sanction and force.<sup>9</sup> In addition, power can produce effects merely by being possessed, rather than overtly exercised, through the anticipation of its being exercised.<sup>10</sup> Such anticipation may be unrelated to the intent of the other party, so that power may be wielded inadvertently or unconsciously. Conversely, power may

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8 Stanley Hoffmann, 'Notes on the Elusiveness of Modern Power', *International Journal*, Vol.30, No.2, Spring 1975, pp.183-206.

9 Steven Lukes, *Power: A Radical View*, London, Macmillan, 1974, pp.17-18.

10 Jack H. Nagel, *The Descriptive Analysis of Power*, New Haven, Yale University Press, 1975, p.16.

be unrealised, or countered through measures, notably the 'weapons of the weak' that exploit the lack of resolve or competing objectives of the stronger party.

### **Australia, the Pacific islands and the world**

The relationship between Australia and the Pacific islands is characterised by its asymmetry. By almost any measure, Australia is immensely more powerful than even the largest of the Pacific islands. Furthermore, the islands' reliance on Australia for trade and aid makes them particularly vulnerable to Australian foreign policy decisions. Geographic proximity and shared membership of regional institutions accentuate their close relationships. However, for Australia, as for many other countries with an interest in the region, the Pacific islands are minor powers of limited consequence. This structure creates two distinct problems for analysis of Australian foreign policy. The first is that of Australia's being simultaneously a regional great power and a global middle power. These two roles interact in ways that complicate any theorisation of Australian policy. The second problem concerns the use of power to achieve Australian objectives in the Pacific islands. Pacific island resistance to expressions of Australian power has repeatedly demonstrated that possessing power is not always sufficient to successfully exercise it.

### **Geography**

The Pacific islands are small and widely dispersed. Their size varies greatly from the smallest,<sup>11</sup> Nauru (21km<sup>2</sup>) through the second largest, Solomon Islands (28,000km<sup>2</sup>), and the much larger PNG (460,000km<sup>2</sup>). In comparison, New Zealand (270,000km<sup>2</sup>) ranks toward the top end while Australia (7,700,000km<sup>2</sup>) and other regional actors China and the US (each 9,600,000km<sup>2</sup>) are an order of magnitude larger. The form of much of the Pacific island territory as islands and archipelagos compounds the effects of its small size by rendering it more vulnerable than continental landmasses to extreme climatic and seismological events and the effects of climate change.<sup>12</sup>

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11 Though still smaller, Tokelau and Pitcairn Island are omitted as they are not self-governing.

12 Lino Briguglio, 'Small Island Developing States and Their Economic Vulnerabilities', *World Development*, Vol.23, No.9, 1995, pp.1615-32.

Many thousands of kilometres of ocean lie between groups of Pacific islands, both between and within countries, militating against a close relationship among them of the kind found, for example, among the Caribbean islands. PNG shares the only easily traversed maritime borders in the region with the Australian Torres Strait islands of Boigu, Dauan and Saibai, and with the Shortland Island group belonging to Solomon Islands, and the only land border with the Indonesian territory in West Papua. Treaties and agreements related to these borders require greater contact between the governments of PNG and these other countries than would otherwise occur. However, given the historical connections and already close economic and military ties between PNG and Australia, their border makes little difference to their relationship. The border between PNG and Solomon Islands is porous and was a source of tension when arms and belligerents from the Bougainville secessionist war crossed it. The border with Indonesia, which, apart from a short section where it follows the Fly River, corresponds to no geographical feature and is ill-defined on the ground, has similarly been crossed by West Papuan militants and the Indonesian military. However, despite cultural affinities on either side of the border, and indigenous Melanesian societies throughout all of the island of New Guinea, the PNG government has tended toward *Realpolitik* in dealing with border issues and has generally cordial relations with the Indonesian government. Indeed, these relations have helped PNG to have closer relations with South-East Asia more generally, reflected in its holding observer status at the Association of South-East Asian Nations (ASEAN).

The Pacific Ocean contains shipping routes and approaches to Pacific island and Pacific rim countries. Those states thus have an interest in maintaining the security of trade routes and preventing their use by hostile forces. In Australia, this interest drives policies aimed at keeping the region friendly to Australia by ensuring the allegiance of the Pacific islands. As minor powers, the Pacific islands cannot affect regional security directly, but have some influence through their choice of alliance partners. In practice, they have almost uniformly remained strongly aligned with the US and Australia.

## Economics

Economics largely mirrors geography, with the Pacific island economies varying greatly in size from Niue at around US\$16m to PNG with around US\$6bn in Gross Domestic Product (GDP).<sup>13</sup> These figures are dwarfed by New Zealand's US\$130bn, Taiwan's \$500bn, Indonesia's US\$710bn, Australia's US\$920bn, Japan's US\$5.5tn, China's US\$5.9tn and the US's US\$15tn.<sup>14</sup> Also paralleling geographical features, the economies of the Pacific islands exhibit many common characteristics of small island developing states, notably a limited degree of economic diversification, with many dominated by a small number of agricultural exports, mining operations or tourism.<sup>15</sup> They are also highly dependent on trade and foreign investment, and significantly, though to varying degrees, aid and remittances. For the region as a whole, Australia is the source of over 30 percent of all imports and over A\$2.3bn in direct investment.<sup>16</sup> From an Australian perspective, the Pacific islands are far less significant, representing less than two percent of total exports,<sup>17</sup> compared with the top three trading partners, the US, China and Japan, which share 36 percent of Australia's two-way trade, and New Zealand, ranked seventh, with around five percent.<sup>18</sup>

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13 Secretariat of the Pacific Community, *Pocket Statistical Summary*, Noumea, Secretariat of the Pacific Community, 2010. All data are rounded to two significant figures. Note that these figures are subject to the difficulties of statistical collection in the Pacific islands and should be considered as indicative.

14 World Bank, *Indicators*, <<http://data.worldbank.org/indicator>> (accessed on 21 February 2012); Taiwan figure obtained from Central Intelligence Agency, *The World Factbook*, <<https://www.cia.gov/library/publications/the-world-factbook/index.html>> (accessed on 21 February 2012). All figures are calculated at the official exchange rate from the most recently available calendar year and rounded to two significant figures.

15 See Lino Briguglio, 'Small Island Developing States and Their Economic Vulnerabilities', pp.1615-32.

16 Department of Foreign Affairs and Trade, *Submission No. 33*, Senate Standing Committee on Foreign Affairs, Defence and Trade, Inquiry Into Australia's Relationship with Papua New Guinea and Other Pacific Island Countries

<[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=fadt\\_ctte/completed\\_inquiries/2002-04/png/submissions/sub33.pdf](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fadt_ctte/completed_inquiries/2002-04/png/submissions/sub33.pdf)> (accessed on 13 March 2009), 2003, p.18; Department of Foreign Affairs and Trade, *Advancing the National Interest: Australia's Foreign and Trade Policy White Paper*, Canberra, Commonwealth of Australia, 2003, p.93.

17 Australian Bureau of Statistics, *International Trade in Services by Country, by State and by Detailed Services Category, Calendar Year, 2007*, <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5368.0.55.004Main+Features12007?OpenDocument>> (accessed on 5 June 2009).

18 Department of Foreign Affairs and Trade, *Australia's top 10 two-way trading partners and Australia's top 10 exports, goods & services*, <[http://www.dfat.gov.au/trade/focus/081201\\_top10\\_twoway\\_exports.html](http://www.dfat.gov.au/trade/focus/081201_top10_twoway_exports.html)> (accessed on 23 October 2009).

Development assistance is an important aspect of Australia's relationship with the Pacific islands. The Pacific islands receive around one third of Australia's total bilateral foreign aid and by far the most on a per-capita basis.<sup>19</sup> The institutions required to manage aid drive a closer, if inherently unequal, relationship between donor and recipient. The leverage provided by the aid budget in the context of aid dependency in the Pacific islands gives Australia significant influence. This power is, however, mitigated by the possibility of the Pacific islands' finding other benefactors, thereby reducing Australian influence.

#### Us and them: The ANZUS alliance and other countries

Australia's primary alliance in the Pacific islands region includes its 'great and powerful friend,'<sup>20</sup> the US, and New Zealand, and was formalised by the 1951 Australia, New Zealand, United States Security Treaty (ANZUS). The US, a largely 'silent partner' with respect to the Pacific islands, suspended New Zealand from ANZUS in response to the anti-nuclear policies it introduced in 1984.<sup>21</sup> The result was that the US effectively 'subcontracted' to Australia its power in the Pacific islands outside its immediate sphere of influence in the Northern Pacific and American Samoa. Furthermore, as strategic analyst Hugh White argued, this delegation depended on Australian officials' use of the superpower tactics they had learned from the US.<sup>22</sup>

It is important to distinguish Australia's exercising power on behalf of the US from simply representing US positions to the Pacific islands. Australia's role is better described as advancing Australian interests in the context of the opportunities offered and the constraints imposed by the delegation of US power. Thus on different occasions Australia has mediated between the Pacific islands and the US, for example, by attempting to allay US opposition in the 1980s to the South Pacific Nuclear Free Zone (SPNFZ) by ensuring that the treaty would not prevent US warships from operating in the Pacific Ocean. It has also sought to influence US over policies that

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19 AusAID, *Annual Report 2007-2008*, Canberra, Commonwealth of Australia, 2008, p.21.

20 The phrase, attributed to former Prime Minister Robert Menzies, refers to Australia's historical search for such friends, first in the UK and later in the US. See Derek McDougall, *Australian Foreign Relations: Contemporary Perspectives*, South Melbourne, Longman, 1998, p.9.

21 Richard Herr, 'Preventing a South Pacific "Cuba"', *New Zealand International Review*, Vol.7, No.2, March/April 1982, pp.13-15, cited in Greg Fry, 'Australia's South Pacific Policy', p.6.

22 Hugh White, 'Our Neglected Backyard Needs Careful Tending', *SMH*, 20 July 1985, p.25.

were harming its interests in maintaining good relations with the Pacific islands, for instance, by encouraging the US to respect Pacific island economic sovereignty over tuna caught in their Exclusive Economic Zones (EEZ).

New Zealand has played a multifaceted role in influencing Australia's relationship with the region. On the one hand, being geographically, demographically and culturally closer than Australia to the Pacific islands, its foreign policy is oriented to a far greater degree toward them.<sup>23</sup> It has, at times, leveraged this closeness in playing the role of rival to Australia for influence in the region by presenting itself as more sensitive to the concerns of Pacific islanders. This proclivity has been reinforced by the tendency in Australia to take New Zealand support for granted. On the other hand, socially, politically and economically, New Zealand has much in common with Australia and shares Australian interests in stable and prosperous Pacific island states. The trend over the period covered in this thesis has been toward greater alignment between Australia and New Zealand in their approach to the Pacific islands.

A second factor in New Zealand's influence on the Australian relationship with the Pacific islands is the different parts of the region with which the two countries are engaged. Australia's strongest relations in the Pacific are with its geographic neighbours, the overwhelmingly Melanesian countries of PNG, Solomon Islands and Vanuatu. In contrast, New Zealand has historical, geographical and cultural connections with Polynesian countries, including its former dependent territories of Samoa, Cook Islands and Niue. Australia and New Zealand thus complement each other to a degree in their engagement with the Pacific islands.

A variety of other states has affected Australia's relationships with the Pacific islands. The presence of adversaries, such as the USSR, has been automatically seen as inimical to Australian geostrategic interests. Others have had a more nuanced effect, often enjoying good relations with Australia in general, but playing the role of rivals in the Pacific islands. Like Australia, many of them seek to make use of the Pacific islands in pursuit of goals further afield. However, they typically do not have a strategic

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23 People identifying as Pacific islanders constitute over six percent of the New Zealand population, while the indigenous Polynesian Māori form a further 14 percent. Figures, rounded to the nearest one percent, taken from 2006 New Zealand census results. Statistics New Zealand, *2006 Census Results*, <<http://www.stats.govt.nz/census/default.htm>> (accessed on 17 July 2009).

imperative comparable with Australia's to maintain close relations with the Pacific islands. The archetype of this kind of relationship can be seen in the rivalry between China and Taiwan for diplomatic recognition by the Pacific islands. In pursuit of this objective, the two rivals have engaged in a bidding war, using financial incentives as a bargaining tool. The exercise of power in this fashion poses a challenge for Australian policy-makers. On the one hand, Australia enjoys good relations with China and Taiwan, which opposing their actions in the Pacific islands may jeopardise. On the other hand, the 'chequebook diplomacy' in which those states are engaged is inimical to Australia's objective of promoting accountability and 'good governance'.<sup>24</sup>

### International organisations

A number of intergovernmental institutions, including the UN, World Bank, Asian Development Bank (ADB) and the Organisation for Economic Cooperation and Development (OECD), affect Australia's relationship with the Pacific islands. The UN, of which all the self-governing Pacific islands apart from Cook Islands are members, serves as a forum for cooperation and gives force to norms of independence, sovereignty and international law. Financial institutions, including the World Bank and ADB enforce norms of economic liberalism through the conditions of access to their loans, which other donors often also take into account. However, they differ from the UN in that their members are not equal but have weight proportional to the size of their economy, thus replicating the economic disparities among them. The effect of this inequality can be seen in Australian efforts to leverage its weight in support of economic reform policy prescriptions.<sup>25</sup> In contrast, Australian governments typically pay little heed to those institutions' recommendations with policy implications that they do not support.<sup>26</sup>

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24 Graeme Dobell, *China and Taiwan in the South Pacific: Diplomatic Chess versus Pacific Political Rugby*, Sydney, Lowy Institute for International Policy, 2007; Fergus Hanson, *The Dragon Looks South*, Sydney, Lowy Institute for International Policy, 2008.

25 Stuart Rosewarne, 'Australia's Changing Role in the South Pacific', p.82.

26 The most notable case of this concerns the role of labour migration and remittances in promoting development in the Pacific islands. See John Connell & Richard P. C. Brown, *Remittances in the Pacific: An Overview*, Manila, Asian Development Bank, 2005; World Bank, *At Home and Away: Expanding Job Opportunities for Pacific Islanders Through Labour Mobility*, World Bank, 2006.

The OECD has a particular influence on Australian development assistance policies through its Development Assistance Committee (DAC), the purpose of which is to provide statistics, assess member countries' aid policies and implementation, provide analysis of development and support aid policy coherence.<sup>27</sup> Australia has been an active player in the DAC, and AusAID devotes considerable effort to aligning its programmes with the DAC's norms and to justifying cases where it has been judged to conform poorly with them.<sup>28</sup> The DAC is the primary institution through which Australian governments seek to present Australia as a good international citizen via its aid programme. With the merging of security and other policies into development assistance associated with the response to 'failed states' in the last decade, the DAC's judgement has become more widely applicable as an assessment of donor countries' policies.<sup>29</sup>

#### Conflicting tendencies: 'middle power' or regional leader

International relations scholars generally consider Australia to be an archetypal 'middle power', defined alternatively as a state that is neither great nor small in some dimension of its power, and as one that promotes cohesion and stability in the world system.<sup>30</sup> The logic of associating these two definitions with a single concept lies in the argument that, in contrast with great powers that can act unilaterally, and small powers that, lacking influence on their own, are inclined to align themselves with a great power, middle powers have the most to gain from a cooperative international order over which they can exert an influence. Given the large number of states that can be seen as neither small nor large, the behavioural definition is more widely

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27 See Organisation for Economic Cooperation and Development, *OECD Development Assistance Committee: Where Governments Come Together to Make Aid Work*, Paris, OECD, 2007.

28 See AusAID, *Annual Review of Development Effectiveness 2008: Scaling Up in a Deteriorating Global Environment*, Canberra, Commonwealth of Australia, 2009, pp.38-39.

29 See Organisation for Economic Cooperation and Development, *Whole of Government Approaches to Fragile States*, Paris, OECD, 2006.

30 Andrew F. Cooper, Richard A. Higgott et al, *Relocating Middle Powers: Australia and Canada in a Changing World Order*, Carlton South, Vic., Melbourne University Press, 1993; John Ravenhill, 'Cycles of Middle Power Activism: Constraint and Choice in Australian and Canadian Foreign Policies', *Australian Journal of International Affairs*, Vol.52, No.3, 1998, pp.309-27; Eduard Jordaan, 'The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers', *Politikon: South African Journal of Political Studies*, Vol.30, No.2, 2003, pp.165-81; Carl Ungerer, 'The "Middle power" Concept in Australian Foreign Policy', *Australian Journal of Politics and History*, Vol.53, No.4, DEC 2007, pp.538-551.



favoured by theorists.<sup>31</sup> Features that ‘traditional’ middle powers are argued to exhibit include those of being wealthy, stable, egalitarian, social democratic and, significantly for this analysis, not regionally influential.<sup>32</sup>

A key example of Australian ‘middle power’ diplomacy was its leadership of the Cairns Group, which defended the interests of agricultural exporters against the protectionist US and European Union (EU) in international trade negotiations.<sup>33</sup> In the Pacific islands, Australia has promoted harmony by using its influence to moderate US unilateralism on the issue of tuna fishing in Pacific island waters.

However, Australia’s enormous influence in the Pacific islands raises questions about the relevance of middle power analysis for understanding its relationships with them. Its overweening power enables it to act more unilaterally, thus widening its foreign policy options. It follows that Australian policies toward the Pacific islands are likely to be less directed at cohesion and stability than its broader foreign policy. Examples of this tendency can be seen in the greater pressure that Australia has applied on Pacific island states to reform their economic policies or respect democratic norms compared with other recipients of Australian aid, such as Indonesia or China.

While Australia’s power in the Pacific islands allows it to act more in the manner of a superpower, it remains subject to the foreign policy pressures that result from its global middle power status. The asymmetry between its status as a regional great power and a global middle power leads to the paradox of Australia acting unilaterally in the Pacific islands in support of its global middle power strategy. The Pacific islands may thus serve as the backdrop for Australia’s middle-power activism, for example, in support of the global nuclear non-proliferation regime.<sup>34</sup>

Some analyses collapse the distinction between theoretical concepts of ‘middle power’ and that of a regional power to talk of Australian ‘middle power leadership’ in

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31 Andrew F. Cooper, Richard A. Higgott et al, *Relocating Middle Powers*, p.19.

32 Eduard Jordaan, ‘The Concept of a Middle Power in International Relations’, p.165.

33 Richard Higgott & Andrew Fenton Cooper, ‘Middle Power Leadership and Coalition Building: Australia, the Cairns Group and the Uruguay Round of Trade Negotiations’, *International Organization*, Vol.44, No.4, 1990, pp.589-632.

34 See Andrew O’Neil, ‘Australia and the South Pacific Nuclear Free Zone Treaty: A Reinterpretation’, *Australian Journal of Political Science*, Vol.39, No.3, 2004, pp.567-583.

the Pacific islands.<sup>35</sup> In so doing, they implicitly assume that there is a coherence to such a position. Given the evident tension in Australian policy between acting unilaterally as a regional power and as a middle power in promoting regionalism,<sup>36</sup> this analysis maintains the distinction between the two roles. Indeed, that tension lies at the heart of much apparent incoherence in Australian policy.

#### Australian power and Pacific island resistance

When they have sought to influence the Pacific islands, Australian governments have generally preferred to use the least controversial and cheapest technique, that of persuasion. Persuasion can be effected either directly through meetings between officials or indirectly through promoting shared values and understandings by the use of 'soft power'.<sup>37</sup> Examples of soft power include the education of Pacific island students at Australian schools and universities, broadcasting Australian radio and television to the Pacific and funding sporting and cultural exchanges. By exposing Pacific islanders to Australian ideas and values, these methods aim to promote good-will and understanding toward Australia and sympathy for Australian policy objectives.

Nonetheless, Pacific island decision-makers are not always influenced by soft power or convinced by persuasion alone to act in the manner desired by Australian leaders. In such cases, various forms of 'hard' power are often brought to bear. The first of these is inducement, typically in the form of programmes of cooperation, or financial or other forms of assistance. Coercion and sanctions can take the form of threatened or actual suspension or cancellation of such programmes. Alternatively, individual members of the country's government, bureaucracy or influential elite can be offered political support or personal benefits, or threatened with the withdrawal of these measures.

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35 Allan Patience, 'The ECP and Australia's Middle Power Ambitions'; Greg Fry, 'Australia in Oceania: A 'New Era of Cooperation'?'; Charles Hawksley, 'Australia's Aid Diplomacy and the Pacific Islands: Change and Continuity in Middle Power Foreign Policy', *Global Change, Peace and Security*, Vol.21, No.1, 2009, pp.115-130.

36 See Greg Fry, 'Whose Oceania?'; Stewart Firth, 'The New Regionalism and its Contradictions'.

37 See Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power*, New York, Basic Books, 1990.

Stronger sanctions are generally reserved for retaliation against the violation of international standards, notably involving human rights or the rule of law. The most widely used sanction has been the suspension of official relations and the denial of permission to enter Australia to individuals and the families of individuals associated with those violations. Given the high profile that Australia occupies in the Pacific islands as a foreign partner and aid donor, and its importance as a transportation gateway, these sanctions can impose significant cost on those individuals and governments.

The final option, overt military force, has not been used directly against Pacific island states, although it has been contemplated in a number of instances. In these cases, Australian governments have preferred failure to achieve their objectives in the Pacific islands to the costs that the use of force would bring. Nonetheless, the Australian military has intervened in Tonga and in Solomon Islands in support of and with the agreement of those countries' governments. There has been some debate about the extent to which such agreements have been the result of coercion and whether the military presence is directed more toward protecting Australian commercial or strategic interests than bolstering a legitimate, if weak, government and state.<sup>38</sup>

Pacific island governments often seek to resist Australia's apparently overwhelming structural power using another type of power that small players have at their disposal. 'Powers of the weak' derive from the fact that power is a scarce commodity, of which even great powers have only a limited amount to spare to deal with minor offenders.<sup>39</sup> Furthermore, the wide range of foreign policy objectives competing for attention makes likely the under-resourcing of those deemed to have lower priority.<sup>40</sup> A related micro-level concept is the 'weapons of the weak', involving tactics such as foot-dragging, playing the fool and minor sabotage of processes despite claims to support

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38 Tim Anderson, *Australia's Regional Interventions: The Antinomies of 'Good Governance'*, Conference of Pacific Islands Political Science Association, Port Vila, 7-8 December 2007, <[http://rspas.anu.edu.au/papers/melanesia/conference\\_papers/pipsa/25PIPSApaperTimAnderson.pdf](http://rspas.anu.edu.au/papers/melanesia/conference_papers/pipsa/25PIPSApaperTimAnderson.pdf)> (accessed on 16 June 2009).

39 Arnold Wolfers, *Discord and Collaboration: Essays on International Politics*, Baltimore, Johns Hopkins Press, 1962, cited in Dorke De Gedare, *Australia-Papua New Guinea Relations, 1980-1990*, p.7.

40 James Ray, *Global Politics*, Boston, Houghton Mifflin, 1992, cited in Dorke De Gedare, *Australia-Papua New Guinea Relations, 1980-1990*, p.8.

them.<sup>41</sup> Small powers may play a game of brinkmanship against a much larger power in the knowledge that greater inducements may be offered, threats of sanctions may not be delivered on and the ultimate threat of the use of force is hollow. Though Australia can withhold aid or sever official links in the attempt to obtain its desired outcomes in the Pacific islands, these measures also undermine future leverage and may, by encouraging Pacific islands to seek other benefactors, ultimately work against Australian interests. This dilemma can be seen in debates about how Australia should respond to situations like coups in Fiji or the failure of Pacific island governments to implement economic reforms to which they have committed themselves.

### Pacific regionalism

Since World War Two, a key strategy to further Australian interests has been the forging of a regional alliance with the Pacific islands.<sup>42</sup> The Pacific regionalism that Australia has fostered is unusual in that it is based as much on the islands' alliance with Australia as on any sense of regional identity. Indeed, the vast distances between the Pacific islands and diversity among its peoples militate against the existence of a common identity or natural harmony of interests. Rather than arising organically, regionalism has been actively cultivated, initially by colonial powers and later by regional powers Australia and New Zealand. The massive disparity in power between these two states and the Pacific islands has given rise to the term 'patron-client' regionalism, reflected in the fact that regional institutions and endeavours are almost entirely funded by Australia and New Zealand.<sup>43</sup> The distinction between Australia and the Pacific islands is further evident in Australia's geography, culture and foreign policy outlook and the fact that neither its own people nor those of the Pacific islands consider it to be 'of' the region.

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41 James C. Scott, *Domination and the Arts of Resistance: Hidden Transcripts*, New Haven, Yale University Press, 1990, cited in Peter Larmour, 'Conditionality, Coercion and Other Forms of 'Power'', p.252; See also Dorke De Gedare, *Australia-Papua New Guinea Relations, 1980-1990*, pp.7-8.

42 Greg Fry, 'The South-Pacific 'Experiment': Reflections on the Origins of Regional Identity', *Journal of Pacific History*, Vol.32, No.2, 1997, pp.180-202; Greg Fry, 'Whose Oceania?'; Richard Herr, 'Regionalism, Strategic Denial and South Pacific Security', pp.170-82.

43 Stewart Firth, 'The New Regionalism and its Contradictions', pp.119-122.

Despite the unusual nature of Pacific regionalism, its institutional expression in the SPF/PIF, SPC and their many affiliated organisations has a great bearing on Australia's relationship with the Pacific islands. The SPC, being largely concerned with technical matters, and having France, the UK and US as more powerful members than Australia, plays a relatively minor role in this regard. In contrast, the SPF/PIF, which involves itself in political issues and has Australia as by far its most powerful member, plays a key role in both advancing and constraining Australia's regional influence. Notably, it is through the SPF/PIF that Australian governments have instituted much of their agenda of economic reform and regional security since the 1980s. Nonetheless, their ability to impose their agenda through the SPF/PIF is restricted by the formal equality of member states within those institutions and the norm of consensus decision-making. Achieving consensus requires Australian governments to expend considerable resources and restricts the agenda that they are able to advance. It plays a particularly important role in shaping Australian policy toward the Polynesian and Micronesian countries with which its bilateral relationship is less close. The requirement to bring those countries into any consensus, and the desirability of having tactical allies when dealing with the more fractious relationships with the Melanesian countries closer to Australia, give rise to a political interest in having friendly relations with them.

### **Domestic setting**

The second dimension of the context in which governments formulate foreign policy is the domestic setting, or societal influences, on policy-making. These influences are generally exerted by subsets of the wider society that take an interest in a particular policy domain. Cross-cutting those groups are 'interest groups' that seek to influence decision-makers in favour of particular policy outcomes. The influence of these various groups on policy depends on their interaction with each other and with government.

At the broadest level, the 'policy community' can be defined as the 'set of actors, public and private, that coalesce around an issue area and share a common interest in

shaping its development'.<sup>44</sup> The policy community is the locus of debate and the source of proposals for changes to policy. Exogenous developments may provoke shifts in its composition and boundary and hence contribute to changes to policy.<sup>45</sup> Within a policy community, an 'advocacy coalition' refers to a group linked by a common preference for a particular outcome.<sup>46</sup>

Whereas policy communities and advocacy coalitions are defined according to their role in the making of policy, interest groups are defined by their preferences for policy outcomes. They can be usefully divided into three types, beginning with organised 'vested' or 'egoistic' interests in material or physical advantage.<sup>47</sup> A second type is 'public' interests, notably in humanitarian and environmental issues, that are also organised, though typically less well resourced than vested interests. Finally, public opinion that is salient and reflects substantive preferences creates pressure in favour of particular outcomes.<sup>48</sup>

Several theories of the state posit different relationships between societal groups and government. Marxist analysis conceives of society as consisting of social classes whose interests are fundamentally divergent. Different versions consider the state as doing the bidding of the dominant capital-owning class in society, or more broadly of the capitalist system.<sup>49</sup> In either case, it is assumed that the capital-owning class has privileged access to the policy process.

In contrast to Marxism, pluralism assumes that diverse interest groups compete for influence in a relatively neutral environment.<sup>50</sup> According to pluralist theory,

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44 Grace Skogstad, *Policy Networks and Policy Communities: Conceptual Evolution and Governing Realities*, Prepared for the Workshop on "Canada's Contribution to Comparative Theorizing", Annual Meeting of the Canadian Political Science Association, University of Western Ontario, London, Ontario, <<http://www.cpsa-acsp.ca/papers-2005/Skogstad.pdf>> (accessed on 12 January 2012), p.3.

45 Michael M. Atkinson & William D. Coleman, 'Policy Networks, Policy Communities and the Problems of Governance', *Governance*, Vol.5, No.2, April 1992, p.172.

46 Paul A. Sabatier & Hank C. Jenkins-Smith (eds), *Policy Change and Learning: An Advocacy Coalition Approach*, Boulder, Westview Press, 1993.

47 Mancur Olson, 'The Logic of Collective Action', in Jeremy J. Richardson (ed.), *Pressure Groups*, Oxford, Oxford University Press, 1993, pp.23-37.

48 Paul Burstein, 'The Impact of Public Opinion on Public Policy: A Review and an Agenda', *Political Research Quarterly*, Vol.56, No.1, 2003, pp.29-40.

49 Robert D. Jessop, *The Capitalist State: Marxist Theories and Methods*, Oxford, M. Robertson, 1982.

50 Robert Alan Dahl, *Who Governs? Democracy and Power in an American City*, New Haven, Yale University Press, 1964.

competition takes place among groups whose power to influence decisions is widely dispersed across society. Political leaders and public officials are substantially constrained by societal forces from exercising their own personal preferences in the course of their public duties. The state thus plays an essentially neutral role in adjudicating among the interests that vie for influence.<sup>51</sup> Pluralism is often seen as most applicable in the US, where large policy communities and formal separation of powers better resemble the idealised world that it posits. In parliamentary systems of government such as Australia's, there is a much weaker separation of powers between the executive and the legislature, and vastly greater party voting discipline, rendering the political process far less transparent in its reflection of societal interests. Moreover, where policy communities are small, as in the case of Australian policies toward the Pacific islands, their influence can easily be swamped by that of larger, more influential communities.

A third position on the relationship between society and policy is expressed by statist scholars, who posit a distinction between state actors and the wider society.<sup>52</sup> In this conception, public officials, charged with making policy, do so according to their own logic, which may include their conceptions of the national interest, personal interests, those of the institution to which they are attached, of government as a whole, and their own ideas about how best to respond to these interests. Statism thus draws attention to the relative autonomy of the state from society, and in particular the possibility that the state has preferences of its own.

This thesis draws on the insights that Marxism, pluralism and statism provide toward understanding domestic influences on foreign policy. Bearing in mind the particularities of its subject matter, it seeks to determine the domestic influences on policy-making on a case-by-case basis. To accomplish this task, it is necessary to investigate the institutions of government through which the decisions that produce policy are made.

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51 Stephen D. Krasner, 'Approaches to the State: Alternative Conceptions and Historical Dynamics', *Comparative Politics*, Vol.16, No.2, 1984, p.229.

52 Eric Nordlinger, *On the Autonomy of the Democratic State*, Cambridge, Harvard University Press, 1981; Ann Capling & Brian Galligan, *Beyond the Protective State: The Political Economy of Australia's Manufacturing Industry Policy*, Cambridge, Cambridge University Press, 1992.

## Australian societal influences

Public interest in Australian foreign policy is generally weak compared with other policy domains.<sup>53</sup> In the case of the Pacific islands, societal influences are particularly few and concentrated in specific areas. Among them, vested commercial interests are the most organised and influential. They can be divided into three categories. The first is comprised of mining companies with a stake in operations, mostly in PNG and Solomon Islands. These operations are noteworthy for their large scale, even by the standards of Australian mining operations. They represent an extreme concentration of capital and income in a small number of operations. Second, Australian exports of goods and services to the Pacific islands, though small relative to total Australian exports, nonetheless amounted in 2007 to over A\$3bn.<sup>54</sup> Australian policies have vigorously promoted exports through policies such as 'tying' foreign aid to the purchase of Australian exports, and trade promotion authority Austrade's efforts to expand Australian trade and investment in the Pacific.<sup>55</sup> A third kind of commercial interest can be found in the companies that specialise in the delivery of development assistance. These companies have benefited enormously over recent decades from the increased contracting out of aid delivery.<sup>56</sup>

The three types of commercial interest generally share a commitment to free markets and private enterprise, and their promotion in the Pacific islands. However, they differ in their priorities and each has particular concerns. For mining companies, the key priorities are security, stability and access to resources, including land, water and labour. For exporters, reducing barriers to trade into the Pacific islands is the key issue.<sup>57</sup> Aid delivery companies have an interest in the continuation and enlargement

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53 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.193.

54 Australian Bureau of Statistics, *International Trade in Services by Country, by State and by Detailed Services Category, Calendar Year, 2007*.

55 Pat Stortz (Austrade Manager, South-East Asia and Pacific Markets Office), Evidence to Senate Committee inquiry into Australia's relationship with Papua New Guinea and the island states of the South-West Pacific, p.48, cited in Tim Anderson, *Australia's Regional Interventions*, p.2.

56 Flint Duxfield & Kate Wheen, *Fighting Poverty or Fantasy Figures?*, Sydney, AID/WATCH, 2007, pp.21-24.

57 Philip Morris Limited, *Submission on Australia's participation in PACER Plus negotiations*, <<http://www.dfat.gov.au/fta/pacer/submissions/PhilipMorrisLtd.pdf>> (accessed on 12 August 2011), 2009.



of the aid programme, especially the consultancies and large projects that are their speciality.

These commercial interests influence the policy process through shared perspectives and close personal relationships among senior officials in business and government. Individuals often move between Australian companies, government agencies and advisory bodies, resulting in a network of personal acquaintances and generally collegial relationships.<sup>58</sup> In addition to these informal connections between business interests and governments, the Australia-Fiji, Australia-PNG and Australia Pacific Islands Business Councils, whose members are Australian companies, represent those companies' interests to the Australian government.<sup>59</sup> Australian business people are often long-term residents of Pacific island countries and have greater familiarity with and commitment to them than do officials on three-year postings.<sup>60</sup> Australian diplomats and policy-makers often make use of business people as sources of information and informal interlocutors with Pacific island officials. In these ways, Australian businesses are able to bring their perspectives and interests to the fore without having to lobby overtly.

A second set of advocates are 'public interest' groups, notably NGOs and churches that support humanitarian and environmental principles. Some of these groups, such as the Australian Council for International Development (ACFID), Oxfam, trade union organisations and political parties, are formally engaged in Australia's aid programme. Others, including Friends of the Earth, Greenpeace and AID/WATCH, lobby on various aspects of Australian policy. These groups vary in their focus and differ over questions such as the relationship between conservation and development, indigenous rights, the role of trade and aid in development, conditionality in foreign aid allocation and the importance of Parliament and political parties. Nonetheless, they are united in targeting ends that are not connected with specifically Australian interests. They

58 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.183; For instance, interviewee Charles Tapp has occupied senior positions in CARE Australia, AusAID and contracting company Cardno/ACIL.

59 See Australia-Fiji Business Council, <<http://www.afbc.org.au/>> (accessed on 6 November 2009); Australia-Papua New Guinea Business Council, <<http://www.apngbc.org.au/>> (accessed on 6 November 2009); Australia Pacific Islands Business Council, <<http://www.apibc.org.au/>> (accessed on 6 November 2009).

60 For instance, several individuals interviewed in the course of this research have lived in the Pacific islands since the 1970s.

typically mobilise arguments based on humanitarian and environmental norms or Australia's enlightened interest in the well-being of Pacific island countries and peoples.

A notable counterpoint to the generally left-leaning public interest NGOs is the Centre for Independent Studies (CIS), a think-tank that promotes market-based solutions to public policy issues, including development assistance in the Pacific islands.<sup>61</sup> It also argues that Australia should prioritise the well-being of people in the Pacific islands. However, its analysis and prescriptions differ markedly from the NGOs', favouring a radical reform of Pacific island societies in order to promote capitalist development. It thus advocates measures such as reforming or dismantling customary land tenure and an end to aid serving as a prop that allows Pacific islands to ignore the imperative of economic reform.<sup>62</sup>

Regardless of their philosophy, public interest groups rarely have the same degree of influence over policy as commercial interests. They are typically more effective at critiquing or opposing existing policies than advancing new policies. A common strategy is to highlight the negative consequences of Australian policies, especially those that may conflict with international agreements or norms to which Australia has committed itself. Some examples were exposing Australian military support that helped the Papua New Guinea Defence Force (PNGDF) to violate human rights in Bougainville and the negative impacts of economic liberalisation on vulnerable Pacific island communities. Public interest groups typically seek to mobilise public opinion, which, though rarely a significant influence on foreign policy, can make a difference on particular issues.

The final kind of societal influence consists of swells of public opinion that, from time to time, attain sufficient amplitude to affect foreign policy. An example of this phenomenon can be found in the movement opposed to Indonesia's control of East Timor, credited with having an important influence on Australia's support for East

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61 See Centre for Independent Studies, <<http://www.cis.org.au/>> (accessed on 6 November 2009).

62 See, for example, Helen Hughes, *From Riches to Rags: What are Nauru's Options and How Can Australia Help?*, Sydney, Centre for Independent Studies, 2004; Stephan Freitag, *Vision or Fiction? Prospects of Regional Integration in the South Pacific*, Sydney, Centre for Independent Studies, 2006; Helen Hughes & Gaurav Sodhi, *The Bipolar Pacific*, Sydney, Centre for Independent Studies, 2008.

Timorese self-determination.<sup>63</sup> In contrast, movements in support of independence or autonomy for West Papua and Bougainville have had relatively little impact on Australian policy. Generally speaking, public opinion played at most a minor role in setting the parameters within which foreign policy is made.<sup>64</sup>

### **Governmental setting**

If the international structure of states provides the external context for the making of policy, and societal pressures define the domestic context, it is the institutions of government and state that resolve these forces into concrete policies. This thesis adopts the position that government does not, as often assumed in Realist and Idealist schools of international relations and Marxist and pluralist analyses, act in a predictable manner. Neither can the state be assumed to work in a coherent fashion as a bureaucratic apparatus or institutionalised legal order.<sup>65</sup> Instead, it must be disaggregated into a collection of institutions that are constituted and constrained by formal codes, but equally have their own unique objectives, preferences, procedures, norms and culture. Individual decision-makers occupy formal positions within that network of institutions. The task of unravelling the operation of government lies in tracing the impact of international and domestic pressure through those institutions to those key decision-makers who ultimately decide policy.

The best known model of the process of governmental decision-making is Graham Allison's 'bureaucratic' or 'governmental' politics.<sup>66</sup> According to this model, political decisions result from 'compromise, conflict, and confusion of officials with diverse interests and unequal influence' and are 'best characterized as bargaining along regularised channels among individual members of government.'<sup>67</sup> In particular, Allison observed that the position of actors within the state apparatus has a determining influence on the positions they defend in the decision-making process,

63 Derek McDougall & Kingsley Edney, 'Howard's way? Public opinion as an influence on Australia's engagement with Asia, 1996-2007', *Australian Journal of International Affairs*, Vol.64, No.2, 2010, pp.214-216.

64 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.194.

65 Stephen D. Krasner, 'Approaches to the State', p.224.

66 Graham Allison & Phillip Zelikow, *Essence of Decision*, pp.255-324.

67 Graham Allison & Phillip Zelikow, *Essence of Decision*, pp.294-95, cited in Nelson Michaud, 'Bureaucratic Politics and the Shaping of Policies: Can We Measure Pulling and Hauling Games?', *Canadian Journal of Political Science*, Vol.35, No.2, June 2002, p.272-73.

an argument summarised pithily as ‘Where you stand depends on where you sit.’ That is, the position that officials occupy within the bureaucracy influences the interests they defend and their perception of, and preferred resolution to, any given problem.<sup>68</sup>

Like pluralism, the ‘governmental politics’ model has been criticised on empirical grounds for inaccurately describing the practice of decision-making in the context of Australian foreign policy. In their study of the topic, Allan Gyngell and Michael Wesley argue that Australian foreign policy-making is characterised by strong concentration in the executive and a pervasive culture of collegiality, especially among senior officials of foreign policy institutions.<sup>69</sup> Parliamentary opposition provides little opportunity for alternative policies to be aired, as foreign policy is largely bipartisan, with differences primarily in emphasis and style rather than substance.<sup>70</sup> This consensus over foreign policy is, arguably, especially strong in the case of Australian policies toward the Pacific islands.<sup>71</sup>

Beyond the immediate questions surrounding the wider applicability of Allison’s analysis lies the enduring insight that institutions matter. His work prefigured the renewal of interest beginning in the 1980s in the role of institutions in political life.<sup>72</sup> Rather than treating society as a collection of atomised individuals, the ‘new institutionalism’ considers institutions to be the ‘social glue’ that bonds those individuals. It adopts a broad definition of ‘institution’ to include not only formally constituted institutions but ‘procedures, routines, norms and conventions’ and, in some versions, ‘symbol systems, cognitive scripts, and moral templates.’<sup>73</sup> It conceives of the political process as one in which actors pursue their interests according to the

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68 Charles-Philippe David, *Au Sein de la Maison Blanche: La Formulation de la Politique Étrangère des États-Unis de Truman ... Clinton*, Sainte-Foy, Les Presses de l’Université Laval, 1994, p.32, cited in Nelson Michaud, ‘Bureaucratic Politics and the Shaping of Policies: Can We Measure Pulling and Hauling Games?’, p.273.

69 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.40.

70 Derek McDougall, *Australian Foreign Relations*, p.29; Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.23.

71 Graeme Dobell argues that the Australian government suffers not from a lack of attention to the Pacific islands but from inability to think new thoughts or alter failed policies. See Graeme Dobell, ‘The South Pacific: Policy Taboos, Popular Amnesia and Political Failure’, *Pacific Economic Bulletin*, Vol.18, No.1, 2003, p.17.

72 Stephen Bell, ‘Institutionalism: Old and New’, in John Summers (ed.), *Government, Politics, Power And Policy In Australia*, Frenchs Forest, N.S.W., Longman, 2002.

73 Peter Hall & Rosemary Taylor, ‘Political Science and the Three New Institutionalisms’, *Political Studies*, Vol.44, No.4, 1996, pp.936-57.

constraints and opportunities afforded by the institutional context in which they find themselves. Underlying the whole process is a set of ideas that gives coherence to and is in turn reinforced through the expression of interests and the practices associated with the institutions.

A key insight of institutionalism is the ‘path dependency’ of political developments. Path dependency refers to the idea that once a decision has been made, it becomes part of the institutional context in which future choices are decided. It is therefore as important to consider the historical path that has led to a given collection of policy settings as the settings themselves. Related to ‘path dependency’ are the phenomena of unintended and unforeseen consequences. The formulation of policy, characterised by many interlocking factors and subject to numerous, often unpredictable, influences, is inherently complex. Working within such a context, political actors routinely make decisions the potential consequences of which, even if theoretically foreseeable, they do not take into account. Understanding the policies that result from such a process therefore requires that the dynamics of their formation be examined in detail.

### **Pacific policy-making in Australia**

As with foreign policy more generally, Australian policies toward the Pacific islands are the almost exclusive preserve of the executive branch of government. The department with primary responsibility is DFAT. Owing to the high profile of development assistance in Australia’s relationship with the Pacific islands, the aid agency, AusAID, an administratively autonomous agency within DFAT, is also a key player. Departments with an international focus, notably Defence and Immigration, have input on matters related to their responsibilities. Other departments, such as Agriculture and Education, contribute to development assistance projects in their field. In recent years, the range of agencies has expanded greatly to include the Australian Federal Police (AFP), Attorney-General, Treasury, Finance, Customs and the Department of Prime Minister and Cabinet (PM&C).

As federal government departments, these agencies are all based in Canberra. They have 'in-country' staff posted to the Pacific islands, usually for a period of three years. Australia maintains a significant diplomatic presence in the Pacific islands, especially in the Melanesian countries of PNG, Solomon Islands, Vanuatu and Fiji. In these countries, the Australian High Commission is the largest and most active foreign mission, and the High Commissioner holds a high profile position. In addition to dealing with political, economic, trade, consular and immigration affairs, Australian missions typically include sections for development cooperation, defence, public affairs and law enforcement.

In-country staff play a key role in the day-to-day conduct of Australia's relationship with the Pacific islands and the implementation of Australian policies. They relay information up the departmental hierarchy, where it informs the ongoing development of policy. The ability of in-country staff to filter and present this information gives them considerable power over the policy-making process.<sup>74</sup> At the top of this hierarchy are the ministers and parliamentary secretaries who are responsible for policy decisions. The key decision-making posts are thus the foreign minister, who is usually also responsible for development assistance, along with junior ministers or parliamentary secretaries for development assistance and Pacific island affairs.

Where a decision is considered particularly significant or involves a change in policy direction, it is usually made in consultation among senior members of the government, either in informal discussions or formally in Cabinet.<sup>75</sup> In such fora, the personalities and priorities of participants, and their relationships with each other, have a great bearing on the decisions that are made. Being composed exclusively of senior members of the government, they also tend to be concerned with questions of domestic politics, particularly when a government is facing political challenges such as a forthcoming election.

Although formally answerable to Parliament, ministers rarely face scrutiny over foreign policy decisions. There are several explanations for the lack of input by the

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74 See Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.52.

75 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.107.

legislature into the foreign policy process in Australia. The fact that Parliament has few relevant formal powers means that little legislation is required and there are few debates.<sup>76</sup> Foreign policy is generally bipartisan, and none of the exceptions that have occurred to this generalisation has related to the Pacific islands. With little domestic interest in the Pacific islands, there is no political advantage to be gained by the government or opposition through taking a position on policies toward them. Instead, those policies are left almost exclusively to the executive and, as this research demonstrates, largely in the hands of the foreign minister.

Parliament does, however, exercise a role in foreign policy through the work of parliamentary committees, notably the Senate Estimates Committee, Senate and Joint Standing Committees on Foreign Affairs, Defence and Trade and a number of other committees commissioned to undertake specific inquiries and produce reports pertaining to the Pacific islands.<sup>77</sup> These inquiries collect information from a wide range of sources and serve as valuable records and repositories of information. However, their recommendations are generally only adopted insofar as they accord with the priorities and disposition of the government of the day.

Various influential committees and individuals have been appointed to report or advise on aspects of policy on either a one-off or ongoing basis. The most significant permanent committees are the Aid Advisory Council and Foreign Affairs Council, while some influential reports include the 1979 Harries Report, the 1984 Jackson Report, the 1986 Dibb Review, the 1997 Simons Review, and the 2006 Aid White Paper.<sup>78</sup> Finally, a number of educational, research and training institutes, notably the Australian Strategic Policy Institute (ASPI), the Centre for Democratic Institutions

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76 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.174.

77 Some key reports are Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With the South Pacific*, Canberra, Australian Government Publishing Service, 1989; Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With Papua New Guinea*, Canberra, Parliament of the Commonwealth of Australia, 1991; Joint Standing Committee on Foreign Affairs, Defence and Trade, *The Link Between Aid and Human Rights*, Canberra, Commonwealth of Australia, 2001; Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific Engaged: Australia's Relations With Papua New Guinea and the Island States of the South-West Pacific*, Canberra, Foreign Affairs, Defence and Trade References Committee, 2003; Defence and Trade References Committee Senate Foreign Affairs, *The (Not Quite) White Paper: Australia's Foreign Affairs and Trade Policy, Advancing the National Interest*, Canberra, Commonwealth of Australia, 2003; Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Aid Program in the Pacific*, Canberra, Commonwealth of Australia, 2007.

(CDI), the Crawford School of Economics and Government, the Lowy Institute and the State Society and Governance in Melanesia (SSGM) institute, receive funding through government agencies and have mandates related to their particular areas of expertise.

### **Threats, opportunities and responsibilities: enduring Australian ideas**

Situated between the material context and the responses that result from the processes of government lie the ideas that define the relevant issues and the range of possible policy responses.<sup>79</sup> Marxism and many versions of international relations treat ideas as epiphenomenal, determined by capitalist relations of production or power relations among states and other entities. Liberal analyses of Australian foreign policy, in contrast, tend to view ideas as following, more or less accurately, the state of knowledge about the policy domain in question. This thesis adopts the position that the content of ideas cannot be deduced in either of these fashions but must be specifically investigated. It therefore follows institutionalism and the constructivist schools of international relations in according a large degree of autonomy to ideas that influence the policy-making process. This research project seeks to identify the enduring ideas that, along with relatively unchanging interests and institutions, tend to form a self-reinforcing, stable configuration. It examines the details of more transient ideas that have affected the course of policy developments in the substantive chapters three to seven.

Three reasonably constant sets of ideas can be discerned in Australia concerning the Pacific islands and Australia's relationship with them. First is the notion that the

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78 Owen Harries, *Australia and the Third World: Report of the Committee on Australia's Relations With the Third World*, Canberra, Australian Government Publishing Service, 1979; Committee to Review the Australian Overseas Aid Program, *Report of the Committee to Review the Australian Overseas Aid Program*, Canberra, Australian Government Publishing Service, 1984; Paul Dibb, *Review of Australia's Defence Capabilities: Report for the Minister for Defence*, Canberra, Australian Government Publishing Service, 1986; AusAID, *One Clear Objective: Poverty Reduction Through Sustainable Development*, Canberra, Commonwealth of Australia, 1997; AusAID, *Australian Aid, Promoting Growth and Stability: A White Paper on the Australian Government's Overseas Aid Program*, Canberra, AusAID, 2006.

79 Judith Goldstein, 'Ideas, Institutions, and American Trade Policy', *International Organization*, Vol.42, No.1, 1988, pp.179-217, Margaret Weir, 'Ideas and Politics: The Acceptance of Keynesianism in Britain and the United States', in Peter A. Hall (ed.), *The Political Power of Economic Ideas*, Princeton, Princeton University Press, 1989, pp.53-86, cited in Peter Hall & Rosemary Taylor, 'Political Science and the Three New Institutionalisms', p.942.



Pacific islands and the vast expanse of ocean surrounding them constitute a threat to Australia. The second conceives of the Pacific islands as a source of wealth that can be realised through resource extraction and commercial activities. The final idea is of an Australian 'special responsibility' to help the Pacific islands, both for their own sake and because the world expects it. Each of these sets of ideas generates a corresponding set of policy prescriptions that varies according to changes in the international and domestic settings.

The first set of ideas, that the Pacific islands pose a potential threat to Australia, has as its immediate corollary that Australian policies should aim to minimise that threat by ensuring that the Pacific islands remain friendly and responsive to Australian security concerns. In pursuit of this objective, Australian officials have sought to exclude rival powers and to maintain Australian pre-eminence in the region.

Historical examples include the exclusion of rival European colonial powers from the Pacific islands according to the 1883 'Australasian Monroe doctrine', named after the US doctrine of 60 years earlier that defined further European expansion in its region as an act of aggression.<sup>80</sup> The defence of Australia against Japanese invasion in the Battle of the Coral Sea and Kokoda Track campaign were particularly acute instances of Australian opposition to the presence of hostile power in the Pacific islands.<sup>81</sup> The 1944 Australia-New Zealand agreement and 1951 ANZUS Treaty reaffirmed the principle that the Pacific islands are vital to the security of the two countries.<sup>82</sup>

Following the establishment in 1976 of diplomatic relations between Tonga and the USSR, the Australian government instituted the doctrine of 'strategic denial', which aimed to counter any further Soviet advances in the Pacific islands.<sup>83</sup> Most recently, the 'war on terror' has identified transnational criminal and terrorist groups for exclusion.<sup>84</sup>

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80 Merze Tate, 'The Australasian Monroe Doctrine', *Political Science Quarterly*, Vol.76, No.2, June 1961, pp.264-84.

81 While the reality of the threat of invasion has been the subject of debate, there is little doubt that there was an overwhelming perception in Australia that the Japanese government intended to invade Australia. See Peter Stanley, *"He's (Not) Coming South": The Invasion That Wasn't, 'Remembering 1942'*, Australian War Memorial Conference, Canberra 31 May-1 June 2002 <[http://www.awm.gov.au/events/conference/2002/stanley\\_paper.pdf](http://www.awm.gov.au/events/conference/2002/stanley_paper.pdf)> (accessed on 14 April 2008).

82 Richard Herr, 'Regionalism, Strategic Denial and South Pacific Security', p.174.

83 Richard Herr, 'Australia and the Pacific Islands', in Fedor A. Mediansky (ed.), *Australian Foreign Policy: Into the New Millennium*, Melbourne, Macmillan, 1997, p.234.

84 AusAID, *Counter-Terrorism and Australian Aid*, Canberra, Commonwealth of Australia, 2003, p.5.

The second stable set of Australian ideas about the Pacific islands is as a source of wealth, with the implication that Australian policies should be directed at its extraction. This thinking was manifest in support for 'blackbirding', the kidnapping and indenturing of Pacific islanders who provided labour for the Australian sugar industry in the 19th century. It was similarly behind Australian backing for operations including sugar and coconut plantations and copper and gold mines in the Pacific islands. Since the Pacific islands' independence, this idea has merged into the mainstream of liberal economic thought regarding the benefits of trade and investment. Commercial operations in the Pacific in extractive, trading or service industries are widely viewed in Australia as beneficial both to Pacific island and to Australian interests. Australian governments have acted on this understanding with policies such as 'tying' aid, funding export promotion agencies and negotiating trade agreements with the Pacific islands.

The final enduring Australian idea of the Pacific islands is that of a 'special responsibility' to help their peoples to improve their well-being. Since the 19th century, such improvement has been understood in a variety of ways, including Christianisation, modernisation, political independence, economic development and respect for universal human rights. During the period covered by this research, it has largely referred to economic development, primarily understood as economic growth. More specifically, there have been two sets of prevailing ideas about the best manner of promoting economic development. The first, associated with the 'Washington consensus', centres on the removal of constraints on the free operation of the market through the pursuit of macroeconomic stability, openness to trade and capital flows, and privatisation and deregulation.<sup>85</sup> The second, associated with the 'post-Washington consensus' and the idea of 'good governance', focuses on creating the institutional preconditions for the market to deliver economic growth.<sup>86</sup>

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85 Charles Gore, 'The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries', *World Development*, Vol.28, No.5, 2000, pp.789-790.

86 Wil Hout, 'Political Regimes and Development Assistance: The Political Economy of Aid Selectivity', *Critical Asian Studies*, Vol.36, No.4, 2004, p.592.

***Explaining continuity and change: the policy process***

The final aspect of policy-making that this thesis seeks to analyse concerns its dynamics. Explaining the timing and nature of policy changes requires an examination of the process through which those changes were instituted. Analyses that assume that the institutions of government respond in a consistent manner to international and domestic pressures pay little attention to establishing the precise connection between those pressures and changes to policy. Without considering the sources of policy change that lie within the governmental setting, they can be led to deduce causes for change that are difficult to justify empirically.

A useful theorisation of policy change borrows the notion of 'punctuated equilibrium' from evolutionary biology.<sup>87</sup> According to this model, policy settings and their associated institutional configuration tend to be 'sticky'. Change in any of the influencing factors does not produce an immediate policy response. Instead, pressure builds until a 'critical juncture' is reached, typically in the form of a crisis, at which 'a stable structure is stressed beyond its buffering capacity to resist and absorb'.<sup>88</sup>

To describe what occurs at such 'critical junctures', this thesis avoids assuming any particular relationship between the tension that has produced the juncture and the decision that resolves it.<sup>89</sup> The 'garbage can' model, the name suggesting that solutions to problem may be found in unlikely places, abstracts the decision-making process as the coupling of three 'streams': problems, solutions and participants.<sup>90</sup> From this perspective, the 'critical juncture' can be seen as a 'policy window': the confluence of events that signifies a 'problem' for which a 'solution' is required. At such a moment, some participant in the process will succeed in having their policy proposal adopted as a solution to the problem.

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87 Stephen D. Krasner, 'Approaches to the State', pp.240-244.

88 Stephen Jay Gould, 'Darwinism and the Expansion of Evolutionary Theory', *Science*, Vol.216, No.4544, 1982, p.383, cited in Stephen D. Krasner, 'Approaches to the State', p.243.

89 See Michael D. Cohen, James G. March et al, 'A Garbage Can Model of Organizational Choice', *Administrative Science Quarterly*, Vol.17, No.1, 1972; Johan P. Olsen, 'Garbage Cans, New Institutionalism, and the Study of Politics', *American Political Science Review*, Vol.95, No.1, March 2001. For an opposing position see Jonathan Bendor, Terry M. Moe et al, 'Recycling the Garbage Can: An Assessment of the Research Program', *American Political Science Review*, Vol.95, No.1, March 2001.

90 John W. Kingdon, *Agendas, Alternatives, and Public Policies*, pp.86-88.

Participants in the policy process who play the crucial role of connecting solutions with problems are termed 'policy entrepreneurs'.<sup>91</sup> Not necessarily in positions of formal power, they are individuals who for one reason or another, or even by chance, find themselves in the right place at the right time to move their particular interest up the political agenda or to advance their preferred policy as the solution to an identified problem. Though they may have particular expertise, political connections or negotiating skill, the most important trait is often simply persistence in pushing their ideas. This model has the virtue of providing a resolution to the structure versus agency conundrum through allowing the agency of policy entrepreneurs to play a key role, while nonetheless acknowledging that they are constrained by the availability of policy windows and the nature of the problems for which a solution is required.<sup>92</sup>

### ***Conclusions***

Foreign policy is formed at the nexus of the international context, domestic pressures and governmental politics. The international setting is defined by power relations among states and major non-state actors attempting to advance their interests under the influence of institutions and norms that govern their interaction. In this environment, 'middle powers' such as Australia typically support and work through regimes of cooperation. In the Pacific islands, Australia is a major power and exhibits a commensurate degree of unilateralism in its behaviour. Nonetheless, the Pacific islands possess the ability to resist Australian power, which is often ineffective at realising Australian objectives.

The domestic pressures on foreign policy-making result from vested and public societal interests that seek to influence policies in accordance with their preferences. Commercial interests generally enjoy a close relationship with government and do not need to lobby publicly for their cause. Public interest groups are more typically engaged in critiquing government policy. On rare occasions, public opinion can be mobilised in favour of certain causes.

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91 John W. Kingdon, *Agendas, Alternatives, and Public Policies*, pp.179-181.

92 See Walter Carlsnaes, 'The Agency-Structure Problem in Foreign Policy Analysis', *International Studies Quarterly*, Vol.36, No.3, September 1992, pp.245-70.

Within government, foreign policy is largely the preserve of the executive branch and especially DFAT. Foreign aid, also the responsibility of the foreign minister, is an important component of the relationship with the Pacific islands. Important decisions on policy direction are generally made either by the Foreign Minister or by Cabinet. Power to affect decisions by controlling the flow of information exists throughout the hierarchy but is particularly concentrated in the 'in-country' staff of government agencies.

Australian policies are informed by three sets of enduring ideas about the Pacific islands and Australia's relationship with them. The first is that, faced with a potential security threat, Australia must maintain its regional pre-eminence and have friendly relations with the Pacific islands. Second, Australia should help prosperity in the Pacific islands and in Australia by encouraging and assisting Australian companies to do business there. Finally, Australia should shoulder its responsibility to help Pacific islanders achieve well-being.

Policy-making is a complex and dynamic process. Change does not follow pressures in a linear fashion but tends to occur in abrupt shifts at 'critical junctures'. This process can be explained through the identification of 'policy entrepreneurs' who succeed in advancing the need for a shift in policy to decision-makers. Policy entrepreneurs typically produce 'critical junctures' by defining some trend or event in the Pacific islands as a crisis requiring immediate attention.

Commonly, events in the Pacific islands do not produce a critical juncture that results in a reformulation of Australian policy and reinvigorated engagement. Instead, they often provoke a reaction on the part of the government in which its existing approach is diluted and the engagement weakened. This process is the mechanism through which key objectives are downgraded and Pacific island leaders resist Australian power. A detailed examination of the societies, economies and politics of the Pacific islands is therefore important for understanding both the logic underlying Australian approaches and the dynamics of its engagement. The Pacific islands form the subject of the following chapter.

## 2 – The Pacific islands

The foreign policy decisions considered in this thesis target the Pacific islands and are of necessity influenced by their particular features. Australian policy-makers have often struggled to comprehend the complexity, variety and peculiarities of the Pacific islands. Events in the Pacific islands have repeatedly taken Australian policy-makers by surprise or otherwise interrupted the smooth unrolling of Australian policy. An outline of the geographic, social, economic and political conditions of the Pacific islands is therefore essential to understanding both the broad influences on and the immediate disturbances to Australian policy-making.

This chapter provides a general background on the Pacific islands, with special attention to the features that have a bearing on their relationship with Australia. It begins by defining the ‘Pacific islands’ for the purposes of this study. It describes their physical and human geography, societies, politics and economies, the principal issues and challenges they face and some responses that they have made. At each stage it outlines the significance of the particular feature for Australian policy.

### *The ‘Pacific’*

The term ‘Pacific’ has no clear definition, nor even common usage.<sup>1</sup> Many authors exclude that part lying to the North of the equator by using the term ‘South Pacific’, although the trend is to treat the islands of the northern and southern hemisphere together. The term Oceania is widespread, but by convention also includes both Australia and New Zealand. Owing to the common association of the ‘Pacific’ with the countries of the Pacific rim, this thesis refers explicitly to the countries of the ‘Pacific islands’, even if the inclusion of PNG makes the term slightly inaccurate.

For the purposes of Australian foreign policy, the ‘Pacific islands’ can be defined geographically as the islands in the Pacific Ocean, excluding those in close proximity to a continental landmass or New Zealand, or lying to the south of New Zealand. Islands that are tightly integrated possessions of countries on the Pacific rim, including Rapanui (Easter Island), Ogasawara, Hawai’i, Galapagos, Lord Howe, Norfolk and Chatham Islands, are treated as integral parts of those countries and

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1 See Ron G. Crocombe, *The South Pacific*, Suva, IPS Publications, 2008, pp.xvii-xx for a discussion.

hence, for political purposes, excluded. To the remaining islands is also added the entire territory of PNG, though for political and historical reasons neither West Papua nor East Timor, which are treated as part of South-East Asia owing to their current or former political association with Indonesia. As a region, the 'Pacific' is usually defined politically, according to membership of one of the two regional organisations: the more overtly political PIF<sup>2</sup> and the more technically-oriented Pacific Community,<sup>3</sup> excluding their metropolitan members.<sup>4</sup>

The inhabited Pacific islands range from volcanic islands with peaks as high as 4,500 metres to atolls rising no more than several metres above sea level. The former often contain terrain that is difficult to negotiate and therefore constitutes a natural separation between adjacent human populations, which have developed distinct languages and cultures. The soil on volcanic islands is very fertile, and many leaf, root and fruit crops are cultivated. On atolls, the shortage of fresh water and barren soil make agriculture a far more difficult enterprise and the range of crops much smaller. The low atolls are also particularly vulnerable to natural disasters, including cyclones and tsunamis and to rising sea levels associated with climate change.

### ***Pacific societies***

A basic knowledge of the societies that exist in both Australia and the Pacific islands is necessary to analyse the relationship between the two. The political relationship is conducted on a day-to-day basis by individuals who are members of the two societies. The manner in which they understand and relate to one other has a direct bearing on their relationship. Differences in perception of the concerns of one or the other party can often only be explained by reference to characteristics of those societies. As an obvious example, the relationship between people and land is understood very differently in Australia compared with many indigenous Pacific cultures. This point is discussed in greater detail below.

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2 Australia, Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Nauru, Niue, Republic of the Marshall Islands (RMI), New Zealand, Palau, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

3 To the above add American Samoa, France, French Polynesia, Guam, New Caledonia, Commonwealth of the Northern Mariana Islands (CNMI), Pitcairn Islands, Tokelau, US and Wallis and Futuna.

4 Australia, France, New Zealand and the US.

The peoples of the Pacific have been conventionally classified into three civilisations: Melanesian, Micronesian and Polynesian.<sup>5</sup> The three groups populate broadly distinct geographical areas: Melanesia in the South-West Pacific countries of PNG, Solomon Islands, Vanuatu, New Caledonia and Fiji; Polynesia in a triangle to the south and east of a line stretching from New Zealand to Hawai'i; and Micronesia in the remainder of the Pacific Ocean. The same three terms are therefore used to classify the Pacific geographically, and to describe the countries of the Pacific. However, these national boundaries reflect colonial borders placed over populations that already overlapped at the time they were drawn. All the Melanesian states have indigenous Polynesian populations, usually on outlying atolls, but also, in the case of Solomon Islands, on Rennell and Bellona in the principal island group. Further blurring of these boundaries occurred with intermigration within British and French colonial empires and, since their independence, multi-ethnic post-colonial states. Pacific regionalism and more particularly the staffing needs of the panoply of regional organisations have given rise to the category of what Pacific islands scholar Ron Crocombe has termed the 'pan-Pacific' person, whose identity, at least in part, is regional rather than national or sub-national.<sup>6</sup> Geologically, the Melanesian islands are almost exclusively volcanic, while Polynesia and Micronesia include both volcanic islands and atolls, with the land mass of a number of countries consisting entirely of atolls.

Culturally and linguistically, Polynesian societies are relatively uniform, even across the vast distances within Polynesia.<sup>7</sup> Melanesian societies, at the other extreme, are highly fragmented, and contain the highest concentration of distinct languages anywhere on Earth. Within this schema, Fiji is a special case. Although generally considered part of Melanesia, it is strongly influenced by Polynesian culture and languages. Fiji is also unique among Pacific states in having a large population that is neither indigenous nor of a colonising power. These are the Indo-Fijians, descendants of indentured Indian labourers, together with later migrants from India. For these reasons, the generalisations that are made about Melanesian societies often do not hold in Fiji. Micronesian societies are more closely related to those of Polynesia,

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5 Ron G. Crocombe, *The South Pacific*, p.123.

6 Ron G. Crocombe, *The South Pacific*, pp.39-40.

7 Ron G. Crocombe, *The South Pacific*, pp.123-4.



though with greater diversity among them and greater influence from Asia. With the exception of Nauru and Kiribati, the Micronesian states are more closely connected with the US, and consequently have a less strong relationship with Australia.

Polynesian and Melanesian societies have quite different structures of authority. The former tend to be hierarchical with status based on heredity, and they have a nobility and in some cases a monarch.<sup>8</sup> Melanesian societies are characterised by a 'big-man' culture, in which status is attained by demonstrating skills that command respect and by distributing material and political resources to followers. Unlike hereditary titles, big-man status depends on constant renewal, and can be lost to a rival. Micronesian societies, usually omitted from such typologies of political culture, have more in common with Polynesian than Melanesian societies.<sup>9</sup> These broad generalisations concerning societal structures of authority are argued to have a strong bearing on the form that parliamentary democracy has taken across the Pacific.<sup>10</sup> This phenomenon is discussed below in the section on government.

Indigenous Pacific societies are heavily influenced by Christianity, which was brought to and spread within the region by missionaries beginning in the 17th century and peaking during the 19th and 20th centuries.<sup>11</sup> All major and many smaller denominations are represented,<sup>12</sup> along with the South Seas Evangelical Church, which grew out of the Queensland Kanaka Mission, a church founded near Bundaberg, Queensland, for and by Melanesian labourers working in the canefields.<sup>13</sup> Despite the relative ease and frequency with which individuals change denominations, there is generally little overt competition among them. The church plays a vital role in the life of peoples in the Pacific, where its reach is broader than that of the state, especially in more remote areas. Most notably, it fulfils practical social functions including welfare provision and conflict resolution. Christianity also provides a

8 See Marshall D. Sahlins, 'Poor Man, Rich Man, Big-Man, Chief: Political Types in Melanesia and Polynesia', *Comparative Studies in Society and History*, Vol.5, No.3, 1963 for an archetypal description of political culture in Polynesian and Melanesian societies.

9 See James G. Peoples, 'Political Evolution in Micronesia', *Ethnology*, Vol.32, No.1, 1993.

10 See Benjamin Reilly, 'State Functioning and State Failure in the South Pacific', *Australian Journal of International Affairs*, Vol.58, No.4, 2004.

11 Ron G. Crocombe, *The South Pacific*, p.183.

12 Ron G. Crocombe, *The South Pacific*, p.186.

13 *South Sea Islander Church and Hall*, <[http://www.epa.qld.gov.au/cultural\\_heritage/](http://www.epa.qld.gov.au/cultural_heritage/)> (accessed on 17 July 2009).

unifying social referent for Pacific islanders that transcends differences of ethnicity or clan while excluding non-Christian peoples. It overlays the ethnic distinction among indigenous Pacific islanders, notionally Christian Europeans and generally non-Christian Indian, Chinese and other Asian people in a manner that includes Europeans but excludes Asians. Australian officials are generally aware of this fact, and have tended to take for granted good will on the part of Pacific islanders based on religious affinity. However, it has also been suggested that there is a cultural affinity between Asians and Pacific islanders based on values of community and harmony.<sup>14</sup>

Despite rapid urbanisation across the Pacific, the basis of Pacific society is still the village, where customary structures of authority and leadership continue to prevail.<sup>15</sup> These institutions provide a second rival to the state as a source of meaning, identity and practical assistance. The existence not merely of multiple centres of power, but of radically different types of institution exercising power over the people and territories, raises the question for foreign partners of which structure they should address, and often considerable disagreement among advocates of the different alternatives. Though the relationship between independent countries dictates that the legitimate partners are the formal structures of the state, they are not necessarily the most effective ones. Linkages between churches in Australia and in the Pacific islands can often serve more effectively as conduits for information and resources. However, churches are also often strongly connected with NGOs, both domestic and international, that seek to challenge policies of governments both in the Pacific islands and in foreign partners such as Australia. Though chiefly structures can be antithetical to notions of democracy that are central ideas informing Western conceptions of government, recognising their influence leads to the conclusion that targeting customary leadership is essential to improving overall standards of governance.

Much of the population continues to live a rural subsistence lifestyle based on farming and fishing. According to a 1997 United Nations Development Program

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14 Elise Huffer, 'Canoes v. Carriers: International Relations in the South Pacific', *Commonwealth and Comparative Politics*, Vol.36, No.3, November 1998, p.81.

15 See Abby McLeod, 'Literature Review of Leadership Models in the Pacific', Canberra, State, Society and Governance in Melanesia, ANU, 2007.

(UNDP) report, in most Pacific countries only some 20% of the labour force was in paid work.<sup>16</sup> It is common for people to engage in a variety of economic activities, including a mixture of semi-subsistence farming or fishing, informal business activities such as retailing, transport, building or producing handicrafts and full-time formal employment.<sup>17</sup> One factor that facilitates this range of options is the persistence of customary land tenure, under which land is held communally by the clan or family. The fact that most people have the option of living in their village of origin or marriage where their basic needs will be met has been associated with the relatively low rates of homelessness and malnutrition in the Pacific.<sup>18</sup> The term 'subsistence affluence' has been coined to reflect an idealised notion of this lifestyle.<sup>19</sup> This 'affluence' can be overstated, as it ill-describes a lifestyle without money to pay school fees or medical expenses, not to mention clothing, imported foodstuffs and the range of consumer goods that appeal to Pacific islanders as much as to anyone.

One feature of customary land tenure is that land cannot usually be bought or sold as a commodity, with the consequence that it remains in the subsistence sector. For proponents of market-based economic development, this represents an impediment to the efficient allocation of economic resources and thus contributes to the relatively low productivity of land.<sup>20</sup> Furthermore, it also means that land cannot be used as collateral for a loan and, in the absence of other capital, prohibits most Pacific islanders from taking a commercial loan to create or expand a business, which further inhibits economic development. Development agencies and multilateral donors, in pursuit of the goal of promoting private sector development, have committed themselves to land tenure reform.<sup>21</sup> Critics argue that this approach is misguided

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16 United Nations, *Sustaining Livelihoods: Promoting Informal Sector Growth in Pacific Island Countries*, Suva, United Nations Development Programme, 1997, p.14.

17 United Nations, *Sustaining Livelihoods*, pp.27-28.

18 Evidence also exists that this option is diminishing. See John Connell, 'Migration, Dependency and Inequality in the Pacific: Old Wine in Bigger Bottles?', in Stewart Firth (ed.), *Globalisation and Governance in the Pacific Islands*, State, Society and Governance in Melanesia, ANU, 2006, p.61.

19 Timothy P. Bayliss-Smith and Richard G. Feachem (eds), *Subsistence and Survival: Rural Ecology in the Pacific*, London, Academic Press, 1977, cited in Marin Yari, 'Beyond "Subsistence Affluence": Poverty in Pacific Island Countries', *Bulletin on Asia-Pacific Perspectives, Economic and Social Commission for Asia and the Pacific*, 2003-04, p.42.

20 For example, Helen Hughes & Gaurav Sodhi, *The Bipolar Pacific*, p.17.

21 For example, AusAID, *Pacific 2020: Challenges and Opportunities for Growth*, Canberra, Commonwealth of Australia, 2006, pp.44-45.

because it underestimates the productivity of land under customary tenure,<sup>22</sup> and that Pacific islanders have shown little inclination to give up their title to land for either national projects or commercial uses.<sup>23</sup>

Although the level of urbanisation varies widely across the Pacific islands, the process is occurring everywhere, driven by both 'push' and 'pull' factors. The former include population pressure, lack of employment opportunities and declining commodity prices in the rural areas. Pull factors include education, employment and lifestyle opportunities available in towns and cities. Urbanisation often takes place in an unplanned manner, resulting in social friction, strain on infrastructure and environmental degradation. This is in part due to customary land tenure in peri-urban areas, which renders problematic legal title to land and leads to the establishment of informal settlements on public land, or semi-formal arrangements with land-owners. Urban settlements have the potential for social tension between communities from different areas, often with quite different cultures, norms of behaviour and identities, living in close proximity to one another. This is most particularly the case in the capital cities of Port Moresby, Honiara and Port Vila and some of the regional cities of PNG.

Many Pacific islands have a very high birth rate, with PNG, Solomon Islands and Vanuatu among the highest in the world. The resulting population growth poses a number of challenges to those societies: pressure on natural resources, including fisheries, forests and arable land and, related to this, the requirement for economic growth at least equal to the rate of population growth in order for per capita income to simply remain constant. Different societies have responded to this population growth in different ways. At one extreme, PNG, Solomon Islands and Vanuatu, with their fertile land and relatively low overall population density, simply absorb the growing population while remaining overwhelmingly rural. In these countries the burden of precarious economic prospects is mitigated by the fact that generally low

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22 For example, Tim Anderson, 'On the Economic Value of Customary Land in Papua New Guinea', *Pacific Economic Bulletin*, Vol.21, No.1, 2006, pp.138-52; Jim Fingleton (ed.), *Privatising Land in the Pacific: A Defence of Customary Tenures*, Canberra, The Australia Institute, 2005.

23 Max Quanchi, *Submission No. 1*, Joint Standing Committee on Foreign Affairs, Defence and Trade, Inquiry Into Australia's Aid Program in the Pacific  
<[http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=jfadt/pacificaid/subs/sub1.pdf](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfadt/pacificaid/subs/sub1.pdf)> (accessed on 9 June 2006), 2007, p.5.

population density makes a subsistence lifestyle available to those who cannot find work. Nonetheless there are substantial areas, notably the New Guinea highlands, the island of Malaita in Solomon Islands, and many small atolls in the region, where population pressure makes absorption of an expanding population difficult. Growth in urban areas, caused both by births and by migration, strains existing infrastructure and exacerbates social tensions. At the other extreme, the more urbanised countries of the Pacific, notably the Polynesian countries, the French territories and Fiji, have lower natality and consequently less population pressure. Within the Micronesian countries, there is a greater degree of variation but generally the rates of natality and natural population growth rates sit somewhere between those of the high levels in Melanesia and the lower levels in Polynesia, Fiji and New Caledonia.

Another important source of relief against population pressure is provided by emigration from those countries where it is available as an option. While the Pacific islands, almost without exception,<sup>24</sup> experience some level of net out-migration, only those whose citizens enjoy privileged access to migration opportunities are able to relieve to any significant degree the pressure of a growing population. This applies notably to the states in 'free association' with the US and New Zealand, plus several other countries whose citizens have preferential access to New Zealand: Samoa, Kiribati, Tuvalu and Tonga.<sup>25</sup> Most of the citizens of Cook Islands and Niue reside in New Zealand, with the population of the latter in such decline that the viability of the home country is in question. Several patterns of migration have been identified, including permanent settlement, sometimes leading to a situation where the majority of the 'islanders' are overseas-born. There is also a certain level of 'return migration, particularly of unskilled and retired migrants'<sup>26</sup> contributing to a 'circular migration'<sup>27</sup> between Pacific islands and Pacific rim countries, including Australia, but more notably New Zealand and the US. Some of the implications of migratory patterns for

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24 The exceptions are territories of metropolitan states, notably New Caledonia and American Samoa, where high salaries attract migrants from elsewhere in the Pacific.

25 Immigration New Zealand, <<http://www.immigration.govt.nz/>> (accessed on 17 July 2009).

26 John Connell, 'Migration, Dependency and Inequality in the Pacific: Old Wine in Bigger Bottles?', p.84.

27 Nic Maclellan & Peter Mares, *Remittances and Labour Mobility in the Pacific*, Melbourne, Pacific Labour and Australian Horticulture Project, Institute for Social Research, Swinburne University of Technology, 2006, p.6.

Pacific island economies and the influence of this on Australian policy-making are discussed below in the section on Migration, Remittances and Bureaucracy (MIRAB).

Compared with New Zealand, Australia is home to a very small number of Pacific islanders. Of these, a significant number are New Zealand citizens with consequent right of abode and employment in Australia. According to the 2006 census, some 40,000 people normally resident in Australia identified as Samoan, 18,400 as Tongan, 19,200 as Fijian, 12,600 as Papua New Guinean and 11,400 as Cook Islander.<sup>28</sup> Given PNG's large population and historical connection with Australia, it is revealing of the weak personal connection between the two countries that so few Australian residents identified as Papua New Guinean. Moreover, immigration from the Pacific islands to Australia has largely been of skilled people, notably health professionals, an issue over which Australia has been criticised for encouraging 'brain drain'.<sup>29</sup> More generally, the small number of person-to-person relations has been held up as a reason for the lack of understanding between the countries.<sup>30</sup>

### ***The Pacific island states***

During the period covered by this research, almost all of the Pacific islands have been constituted as sovereign states. This section describes some significant characteristics of the Pacific states, including the arrangements under which some of them cede aspects of their formal sovereignty to former colonial powers, their small populations and domestic political systems. It illustrates ways in which societal norms and cultural practices interact with the formal institutions of government to produce political behaviour that is vastly different from that in the countries from which the institutions were borrowed. Just as familiarity with the culture and societies of international partners is helpful for understanding the conduct of relations with them, an understanding of the politics in each country is essential to an analysis of

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28 The census allowed two responses for ancestry; the figures quoted are the total of first and second responses, rounded to the nearest hundred.

29 See Richard P. C. Brown & John Connell, 'The Migration of Doctors and Nurses From South Pacific Island Nations', *Social Science & Medicine*, Vol.58, No.11, 2004; Brown, Richard, P.C. & John Connell, 'Occupation-Specific Analysis of Migration and Remittance Behaviour: Pacific Island Nurses in Australia and New Zealand', *Asia Pacific Viewpoint*, Vol.47, No.1, 2006.

30 'Recommendations', in Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific Engaged*, p.xxix.

inter-governmental relationships. In particular, the specific institutional abilities and constraints of each partner vitally affect the outcomes of their interactions.

By 1980, most of the currently sovereign states of the Pacific had gained their independence.<sup>31</sup> Since then, Australia's relationship with the region has primarily been conducted through relationships of formal equality with those states. Some important exceptions to this generalisation remain: France, New Zealand and the US retain sovereignty over some Pacific territories<sup>32</sup> and Australia's relationships with these territories are largely conducted through the metropolitan power. Others have a political status somewhere between full sovereignty and government from afar.<sup>33</sup> These are the states with 'compacts of free association' with New Zealand and the US.<sup>34</sup> Despite the fact that foreign policy is generally one of the aspects of sovereignty that is forfeited under these arrangements, they are nonetheless independent states whose relationship with Australia is in principle conducted between sovereign powers. In practice, these countries are among the smallest of the island states and firmly in the orbit of either New Zealand or the US, with the consequence that they tend to be of relatively minor importance to Australia.

A further manner in which many Pacific island countries cede aspects of their sovereignty in exchange for other benefits is by using the currency of Australia, New Zealand or the US. Of the 14 island members of the PIF, only six have their own currency,<sup>35</sup> and only one, the PNG kina, is floating.<sup>36</sup> The French Pacific territories use

31 Formal independence was declared in Samoa (1962), Nauru (1968), Fiji (1970), Tonga (1970), Niue (1974), PNG (1975), Solomon Islands (1978), Tuvalu (1978), Kiribati (1979), Marshall Islands (1979), FSM (1979), Vanuatu (1980), CNMI (1986) and Palau (1994).

32 A number of states are still on the UN list of Non-self-governing Territories: American Samoa (US), Guam (US), New Caledonia (France), Pitcairn Island (UK) and Tokelau (New Zealand). Territories that have been removed from or were never on the UN list of Non-self-governing Territories yet continue to be governed from metropolitan states include CNMI (US), French Polynesia (France), Hawai'i (US), Norfolk Island (Australia), Okinawa (Japan), Pitcairn Island (UK), Torres Strait Islands (Australia), Wallis and Futuna (France) and West Papua (Indonesia). The boundaries of the region being not clearly defined, this list is in no way conclusive.

33 See Stewart Firth, 'Sovereignty and Independence in the Contemporary Pacific', *The Contemporary Pacific*, Vol.1, No.1-2, 1989, pp.75-96.

34 New Zealand retains responsibility for external affairs and defence of Cook Islands and Niue under a model known as 'free association'; the United States has 'Compacts of Free Association' with FSM, Marshall Islands, CNMI and Palau.

35 Cook Islands and Niue use the New Zealand dollar; Kiribati, Nauru and Tuvalu use the Australian dollar; FSM, CNMI and Marshall Islands use the US dollar.

36 Chakriya Bowman, 'Pacific Island Countries and Dollarisation', *Pacific Economic Bulletin*, Vol.19, No.3, 2004, p.117.

the French Pacific franc, tied to the Euro, while the US and New Zealand territories use those countries' dollars. Some economists have argued that the Pacific islands would be better off adopting a single currency, either the Australian dollar<sup>37</sup> or US dollar.<sup>38</sup>

Among the most notable features of most of the Pacific states is their very small population, for which reason they are often referred to as 'micro-states'. However the conventional definition of this term as a state with fewer than one million inhabitants fails to capture the diversity within the region, as it includes all of them except PNG, which has a population of around six million. In the absence of any clear definition, it is worth noting that the region includes ten countries with a population between 100,000 and one million, eight between 10,000 and 100,000 and two between 1,000 and 10,000.<sup>39</sup>

Like most newly independent countries, the Pacific states adopted some variant of the political institutions of their respective colonial or United Nations Trust power.<sup>40</sup> In addition, the devolution of power by metropolitan countries has meant that the non-self-governing territories also generally have acquired their own institutions of government. For the majority, formerly governed by Australia, New Zealand or the UK, these are a parliamentary system. The former and current territories of the US have a Presidential system; Kiribati, Nauru and Wallis and Futuna have a hybrid parliamentary-presidential system; while Tonga retains its indigenous monarchical system. Parliaments are almost all unicameral. A range of electoral systems is in use, including the Alternate Vote, First Past the Post, Two-Round voting, Single Non-Transferable Vote and Borda count.

By the measure of respect for constitutional processes, these political institutions have been largely successful. Changes of government have almost always taken place

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37 Gordon de Brouwer, 'Should Pacific Island Nations Adopt the Australian Dollar?', *Pacific Economic Bulletin*, Vol.15, No.2, 2000, pp.161-169

38 Chakriya Bowman, 'Pacific Island Countries and Dollarisation', pp.115-132.

39 Those between 100,000 and one million are: Fiji, French Polynesia, FSM, Guam, Kiribati, New Caledonia, Samoa, Solomon Islands, Tonga and Vanuatu; those between 10,000 and 100,000 are: American Samoa, Cook Islands, Marshall Islands, CNMI, Nauru, Palau, Tuvalu and Wallis and Futuna; those under 10,000 are: Niue and Tokelau.

40 See Stephen Levine & Nigel S. Roberts, 'The Constitutional Structures and Electoral Systems of Pacific Island States', *Commonwealth and Comparative Politics*, Vol.43, No.3, 2005.



in a peaceful and legal manner. The only exceptions have been the four coups in Fiji, three of which took place without violence or injury. In the most recent case, the coup perpetrators went as far as to defend, ultimately unsuccessfully, the constitutionality of the coup in the High Court.<sup>41</sup> However, in a graphic illustration that formal institutions do not determine political outcomes, institutional arrangements have produced results in the Pacific islands vastly different from those in the countries from which they were borrowed.

An obvious feature of politics, especially in PNG, Solomon Islands and Vanuatu, has been the instability of governments. In these countries, governments have been as likely to change as a result of a parliamentary vote of no confidence as following an election.<sup>42</sup> In addition to these successful votes there have been numerous failed, or simply threatened, votes of no confidence as governments and opposition groupings constantly manoeuvre to remain in or take power. One tactic employed by governments to avoid facing votes of no confidence has been simply not to convene Parliament.<sup>43</sup> In response, various measures have been introduced aimed at creating more stable governments.<sup>44</sup> These include outlawing votes of no confidence during an initial period of a government, decreeing that members who leave a political party under whose banner they were elected also forfeit their seat in the parliament and replacing First Past the Post with a Limited Preferential Voting system wherein electors rank their first three preferred candidates.

In PNG, Solomon Islands and Vanuatu, political parties have been numerous, weak and characterised more by coalitions of convenience than by adherence to any coherent political ideology or policy agenda.<sup>45</sup> This trend was less pronounced during the first 11 years of independence in Vanuatu, where a schism between anglophone

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41 Kate McClymont, 'Fiji Military Coup Was Illegal, Rules Court', *SMH*, 10 April 2009, p.13.

42 See Peter Larmour, 'Explaining Institutional Failure in Melanesia', *Pacific Economic Bulletin*, Vol.15, No.2, November 2000; Benjamin Reilly, 'State Functioning and State Failure in the South Pacific'; Jon Fraenkel, 'Political Consequences of Pacific Island Electoral Laws', in Roland Rich (ed.), *Political Parties in the Pacific Islands*, Canberra, ANU E Press, 2008, pp.48-52.

43 Yaw Saffu, 'Papua New Guinea in 1993: Toward a More Controlled Society?', *Asian Survey*, Vol.34, No.2, February 1994, p.136;

44 See, for example, Louise Baker, 'Political Integrity Laws in Papua New Guinea and the search for Stability', *Pacific Economic Bulletin*, Vol.20, No.1, 2005; Jon Fraenkel, 'Political Consequences of Pacific Island Electoral Laws', pp.44-45.

45 Jon Fraenkel, 'Political Consequences of Pacific Island Electoral Laws', p.48-52.

and francophone groups crystallised in the party system.<sup>46</sup> A large number of independent candidates generally contests parliamentary seats, with the consequence that the winning candidate may have received as little as five percent of the vote. The rate of defeat of Members of Parliament (MP) at elections is thus high, with typically fewer than half the incumbents re-elected. Alongside this high turnover, there is a small number of persistently high-profile political leaders around whom political allegiances often form. The latter have included well-known political figures such as Michael Somare, Solomon Mamaloni and Walter Lini.

Analysts have drawn connections between societal traits and electoral behaviour in the three Melanesian countries of PNG, Solomon Islands and Vanuatu.<sup>47</sup> The highly fragmented nature of societies and lack of national identity militate against the election of candidates and governments on a platform connected to national goals or projects. Instead, politics is intensely local and individualised, with large numbers voting for a candidate whom they know personally, with whom they have language or clan ties, or who makes credible promises to secure resources for the local area. The 'big man' culture of negotiating alliances is expressed in Parliament during the formation of governments as MPs playing off rival prime ministerial candidates until a clear winner emerges, at which time most realise that there are more spoils to be gained inside than outside government, and join the winning group. With the extremely high level of turnover of MPs at election, the incentive is to gain as much as possible during one's term rather than to form a coherent opposition bloc in Parliament. Jostling therefore occurs as other aspirants for the prime ministership attempt to entice MPs into joining rival blocs and mounting a motion of no confidence.

In relatively ethnically homogeneous Polynesia and Micronesia, the political culture is quite different. There are few, if any, political parties and generally more stable governments, although there have been occasional political turmoil, instability and even assassinations. In the largest independent Polynesian country, Samoa, only nobles (*matai*) are eligible to stand as parliamentary candidates, and commoners only

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46 Jon Fraenkel, 'Political Consequences of Pacific Island Electoral Laws', p.51.

47 See Jon Fraenkel, 'Political Consequences of Pacific Island Electoral Laws', pp.48-52.

received the vote in 1990. In Tonga, a transition from monarchy to parliamentary democracy is in progress. More generally, it is argued that there is a tension between 'traditional' hierarchical and 'democratic' egalitarian values within Polynesian political institutions.<sup>48</sup>

Fiji constitutes something of a special case in its ethnic composition with roughly equal numbers of indigenous Fijians and Indo-Fijians.<sup>49</sup> It is also the only Pacific state to have experienced military coups and have its constitution abrogated by extra-legal means. In the wake of the 1987 coups, a new electoral system was introduced with the goal of fostering alliances across the ethnic divide. Though the causes are contested,<sup>50</sup> this goal has not been achieved and all of Fiji's major political parties have come to appeal overtly to one or the other of the two main groups. Fiji's electoral system has been quite stable, with underlying tensions manifested through extra-constitutional action by elements within the army. Although the army is dominated by ethnic Fijians, one justification for the coup of December 2006 was to curb the pro-ethnic Fijian excesses of the government in the name of a multi-racial Fiji.

An aspect of politics in the Pacific islands that is widely remarked upon and poses ongoing challenges to Australian policy-makers is their highly personalised nature.<sup>51</sup> In the small and highly cohesive societies of the Pacific, the importance of the individual compared with that of the formal institutional position he or she occupies is much greater than in the larger and more anonymous societies with which Australian officials tend to be more familiar. In dealing with such societies as an outsider, as these officials must do, personal acquaintance and acquired trust are paramount. The tenor of the relationship between the Pacific islands and Australia

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48 See, for example, Abby McLeod, 'Literature Review of Leadership Models in the Pacific', p.22.

49 Indo-Fijians constituted a majority of the population prior to the 1987 coups. Their much higher emigration rates, at least partly driven by the ethnic dimension of the 1987 and 2000 coups, has led to their currently being a large minority of the population.

50 For contrasting views see Jon Fraenkel & Bernard Grofman, 'The Merits of Neo-Downsian Modeling of the Alternative Vote: A Reply to Horowitz', *Public Choice*, Vol.133, 2007; Donald L. Horowitz, 'Where Have all the Parties Gone? Fraenkel and Grofman on the Alternative Vote – Yet again', *Public Choice*, Vol.133, 2007.

51 Roland Rich, Luke Hambly et al, 'Analysing and Categorising Political Parties in the Pacific Islands', in Roland Rich (ed.), *Political Parties in the Pacific Islands*, Canberra, ANU E Press, 2008, p.23.

has thus tended to be a function of the personal relationship between key individuals on each side, most often the respective prime or foreign ministers.<sup>52</sup> Indeed, the political success of a Pacific island foreign minister is strongly influenced by the manner in which he or (hypothetically) she manages the relationship with Australia. Certain Pacific island leaders have sought to shape their political identity by defining themselves as a friend of Australia able to obtain benefits, or alternatively as standing up against an overbearing neighbour.<sup>53</sup>

There are two broad types of consequence for Australian policy-making of the particular character that political institutions have taken in the Pacific. The first is that political instability produces fractious and ineffective governments that are unlikely to implement policies that promote security and development and is therefore detrimental to Australian objectives. The primary response to this problem has been the promotion of effective parliamentary democracy in the region.<sup>54</sup> This policy has been implemented through such measures as strengthening political parties and providing training in parliamentary procedures for MPs. The second consequence results from a potentially inadequate appreciation by Australian analysts and policy-makers of the political culture in the Pacific islands, especially where it diverges from that in other countries with which they are more familiar. Political differences in the Australian policy community have a tendency to crystallise around different perceptions of Pacific society and politics. This may take the form of criticism of the inappropriate application to the Pacific of analyses inspired by or derived from other places or times, such as the 'Africanisation'<sup>55</sup> or 'failed states'<sup>56</sup> hypotheses. Alternatively, it can take the form of accusations of idealising traditional societies and

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52 A few examples are the high regard in which former Australian Foreign Minister Andrew Peacock is still held in PNG, the friendship between former Australian Prime Minister Bob Hawke and Michael Somare and the appreciation for the personal style of former Australian Minister for Pacific Island Affairs Gordon Bilney; at the other end of the spectrum are the brusqueness of former Australian Foreign Minister Gareth Evans which offended some and the antagonism that developed between former Australian Foreign Minister Alexander Downer and former Solomon Islands Prime Minister Manasseh Sogavare.

53 For example, in Solomon Islands, former Prime Minister Manasseh Sogavare presented himself as anti-Australian while his successor Derek Sikua was pro-Australian.

54 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Aid Program in the Pacific*, p.89.

failing to acknowledge sufficiently that these cultures also have a history and continue to change.<sup>57</sup>

### ***Pacific island economies***

An important component of Australian policies toward the Pacific islands concerns the economic and especially the trading relationships. In addition to an economic relationship founded on commerce, the Pacific islands receive around one third of Australia's total bilateral foreign aid, more than any other region and by far the most on a per-capita basis.<sup>58</sup> A substantial component of this aid is directed at improving the economic performance of the recipients so that they no longer require such assistance. This aspect of the relationship is therefore informed by understandings of the Pacific island economies and the means by which they can be made self-sustaining. This section outlines their principal features, the debates taking place around their possible evolution and the appropriate policies to adopt on the part of both the island states and Australia.

Most of the independent Pacific states are classified by the UNDP as 'developing' and by the World Bank as 'lower middle income'. As in many other respects, PNG, Solomon Islands and Vanuatu stand out. The UNDP has in recent years discussed reclassifying PNG as 'least developed', along with Solomon Islands, Vanuatu, Kiribati, Samoa and Tuvalu. PNG and Solomon Islands are currently 'low income' according to World Bank classifications. At the other end of the scale, US and French overseas

55 See Benjamin Reilly, 'The Africanisation of the South Pacific', *Australian Journal of International Affairs*, Vol.54, No.3, 2000. Reilly's rather controversial thesis provoked some lively responses, notably Stewart Firth, 'A Reflection on South Pacific Regional Security, Mid-2000 to Mid-2001', *Journal of Pacific History*, Vol.36, No.3, 2001; Jon Fraenkel, 'The Coming Anarchy in Oceania? A Critique of the 'Africanisation' of the South Pacific Thesis', *Commonwealth & Comparative Politics*, Vol.42, No.1, 2004; David Chappell, "Africanization" in the Pacific: Blaming Others for Disorder in the Periphery?', *Comparative Studies in Society and History*, Vol.47, No.2, 2005. See also Benjamin Reilly, 'A Reflection on South Pacific Regional Security: A Rejoinder', *Journal of Pacific History*, Vol.37, No.3, 2002.

56 For example, Elsin Wainwright, *Our Failing Neighbour: Australia and the Future of Solomon Islands*, Canberra, Australian Strategic Policy Institute, 2003; Ian Anderson, *Fragile States: What is International Experience Telling Us?*, Canberra, AusAID, 2005. For critiques of the 'failed state' hypothesis see Sinclair Dinnen, 'Aid Effectiveness and Australia's New Interventionism in the Southwest Pacific'; Shahar Hameiri, 'Failed States or a Failed Paradigm?'.

57 For example, Helen Hughes, *Aid Has Failed the Pacific*, Sydney, Centre for Independent Studies, 2003, pp.10-11; Sophie Temby, 'Good Governance in Papua New Guinea: An Australian Agenda', Melbourne, School of Social and Environmental Enquiry, University of Melbourne, 2007, pp.2-3.

58 AusAID, *Annual Report 2007-2008*, p.21.

territories Guam, New Caledonia and French Polynesia are 'high income' while those countries in 'free association' with the US and New Zealand rank toward the upper end of the income scale. An important implication of this situation is that the poorest and most populous of the Pacific countries tend also to be those in proximity to Australia. For this reason, these countries are of particular concern to Australian policy-makers for both developmental and security reasons.

These classifications obscure some important commonalities among the economies of the Pacific islands. The most evident of these, based on the standard economic indicators, is their erratic economic growth marked by frequent years of economic contraction. This pattern is, in part, attributable to particular events, such as political turmoil or natural disaster. Although generally peculiar to the country affected in each case, such events, to which the Pacific states appear to be vulnerable, are quite frequent. More generally, the Pacific islands suffer from a range of structural impediments to economic growth common to Small Island Developing States (SIDS) around the world.<sup>59</sup> These result from their small size, remoteness and consequent high transport costs, proneness to natural disasters, geographical dispersion and highly limited internal market, all of which render their economies vulnerable to forces beyond the control of their governments or people.

The link between the physical characteristics of SIDS and the vulnerability of their economies is explained as follows. Small internal markets limit the potential for import-substitution, making them dependent on imports, which they must consequently find the resources to finance. Conventional trade economics suggests that they should export products or services in which they have a comparative advantage. In practice, there are few such industries, and owing to their small size, those that exist are vulnerable to interruption from, for example, damage to a single aircraft.<sup>60</sup> Others industries are associated with economic 'enclaves' which have few linkages to the wider economy and provide little benefit to the broader population.<sup>61</sup>

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59 Lino Briguglio, 'Small Island Developing States and Their Economic Vulnerabilities', p.1615.

60 Satish Chand, 'An Assessment of the Proposal for a Pacific Economic and Political Community', *Pacific Economic Bulletin*, Vol.18, No.2, 2003, p.121.

61 Michael Baxter, *Enclaves or Equity: The Rural Crisis and Development Choice in Papua New Guinea*, *International Development Issues* No. 54, Canberra, AusAID, 2001.

Many Pacific island countries make use of less orthodox sources of foreign income such as remittances from migrant workers, aid, tax havens, licensing of Internet domains and rent for hosting military bases and test sites. It is a source of debate among development economists whether these novel approaches to development constitute sound policies for SIDS to adopt.<sup>62</sup> A direct concern to Australian policy-makers is the potential for these activities to harm Australian economic or strategic interests. A less immediate but nonetheless serious concern is that these development strategies conflict with those that Australian development assistance seeks to promote. It is argued that, as a foreign aid donor, Australia can legitimately demand that recipient governments adopt what it determines to be sound economic policies. However, placing such demands on recipient governments raises questions of respect for the sovereignty of independent states in addition to the more practical issue of effectiveness.<sup>63</sup>

Like most small countries, the Pacific island countries have very open economies and rely heavily on trade.<sup>64</sup> Their reliance on imports is such that they have a constant need for resources to pay for them. The capacity to finance those imports with exports varies greatly from country to country. Nonetheless, apart from Fiji, PNG and Solomon Islands, the Pacific islands all have substantial and chronic trade deficits.<sup>65</sup> The scale of the imbalance is illustrated by the fact that a number of them import more than their entire national economy produces. Australian policy-makers have long been concerned with reducing the size of the trade deficit in order to help make the Pacific island economies self-sufficient. In line with trade economics and the ideas of free trade, their approach has focused primarily on increasing the value of

62 For example, Geoffrey Bertram, 'Sustainability, Aid, and Material Welfare in Small South Pacific Island Economies, 1900–1990', *World Development*, Vol.21, No.2, 1993; William Easterly & Aart Kraay, 'Small States, Small Problems? Income, Growth, and Volatility in Small States', *World Development*, Vol.28, No.11, November 2000; David Roodman, 'The Anarchy of Numbers: Aid, Development, and Cross-Country Empirics', No.32, Washington DC, Center for Global Development, 2004; Xiao-guang Zhang & George Verikios, 'Providing Duty-Free Access to Australian Markets for Least-Developed Countries: A General Equilibrium Analysis', *The Australian Economic Review*, Vol.40, No.3, September 2007; Regina Scheyvens & Janet H. Momsen, 'Tourism and Poverty Reduction: Issues for Small Island States', *Tourism Geographies*, Vol.10, No.1, 2008.

63 See Peter Larmour, 'Conditionality, Coercion and Other Forms of "Power"'.  
 64 Trade expressed as a percentage of GDP for Pacific Island countries ranges from around 50% to 120%. See Pacific Regional Information System (PRISM), *International Trade*, <[http://www.spc.int/prism/Economic/Trades/trade\\_gdp.html](http://www.spc.int/prism/Economic/Trades/trade_gdp.html)> (accessed on 15 July 2009).

65 Nathan Associates Inc., *Pacific Regional Trade and Economic Cooperation: Joint Baseline and Gap Analysis*, Suva, Pacific Islands Forum Secretariat, 2007, p.54.

exports. Nonetheless, the trade deficits continue, and along with them the preoccupation with increasing export revenue.

Among the conventional sources of foreign income, the primary resource industries of mining, forestry and fisheries figure strongly. Though profitable for investors, these industries are associated with the phenomenon known as the 'resource curse'.<sup>66</sup> Their resource-intensive nature means that they tend to be dominated by foreign companies that have access to those resources, employ relatively few local workers and contribute to the broader economy chiefly through royalties or taxes, which are prone to avoidance or misappropriation.<sup>67</sup> The contributions that these businesses have made to the economy of the island states have tended to be narrowly concentrated on those who profit directly. Little processing is performed locally, meaning that the employment and financial benefits to the host country are minimal. Furthermore, as the generated revenue is closely linked to the market value of the raw commodity, it is susceptible to fluctuating world prices. Economic dependence on resource extraction is also associated with civil conflict,<sup>68</sup> a conclusion that is borne out by evidence from PNG<sup>69</sup> and Solomon Islands.<sup>70</sup> Such conflict poses numerous challenges to Australian policy-makers. In addition to the immediate humanitarian concern, the resultant instability threatens Australian commercial and security interests and reverses economic development achievements.

The other goods exported from the Pacific are mainly agricultural products, including sugar, palm oil, copra, coffee, fruit, vegetables and beef. Although some of these industries have been reasonably successful both in terms of generating export revenue and in supporting livelihoods, they have to compete with products from

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66 See Ben Scott, *Re-Imagining Papua New Guinea: Culture, Democracy and Australia's Role*, Lowy Institute of International Policy, Sydney, 2005, pp.25-26.

67 See Gaurav Datt & Thomas Walker, 'Does Mining Sector Growth Matter for Poverty Reduction in Papua New Guinea?', *Pacific Economic Bulletin*, Vol.21, No.1, 2006, pp.71-83.

68 See Michael L. Ross, 'What Do We Know About Natural Resources and Civil War?', *Journal of Peace Research*, Vol.41, No.3, 2004; Paul Collier, *Economic Causes of Civil Conflict and their Implications for Policy*, Washington, DC, World Bank, <<http://users.ox.ac.uk/~econpco/research/pdfs/EconomicCausesofCivilConflict-ImplicationsforPolicy.pdf>> (accessed on 2 July 2009), 2006.

69 John Connell, 'Compensation and Conflict: The Bougainville Copper Mine, Papua New Guinea', in John Connell & Richard Howitt (eds.), *Mining and Indigenous Peoples in Australasia*, Sydney, Sydney University Press, 1991, pp.55-76.

70 Matthew Allen, 'Greed and Grievance: The Role of Economic Agendas in the Conflict in Solomon Islands', *Pacific Economic Bulletin*, Vol.20, No.2, 2005, pp.56-71.



countries that are closer to markets and benefit from greater economies of scale. It has often only been because of preferential trading arrangements that they have been able to return a profit. The most notable example of this is found in the sugar industry in Fiji, which benefited from the Lomé and Cotonou agreements under which countries belonging to the Africa, Caribbean and Pacific Group of States (ACP) were able to export sugar to the EU at prices two to three times higher than world market prices.<sup>71</sup> The fact that Fiji was a beneficiary of agricultural subsidies put it at odds with the aim of the Australian-led Cairns group to reduce such subsidies, and led to Fiji's leaving the group. The Papua New Guinea-Australia Trade and Commercial Relations Agreement (PACTRA) and South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) give exports from Pacific island countries tariff-free entry to Australia and New Zealand, though non-tariff barriers, notably quarantine requirements, have limited its benefits to Pacific island exporters.<sup>72</sup> Furthermore, the benefits to developing countries of such non-reciprocal preferential trading agreements are being lost owing to challenges in the World Trade Organization (WTO) and eroded as importing countries enter into Preferential Trade Agreements (PTA) with other partners.<sup>73</sup>

Mining operations in the Pacific islands have, at least on occasion, been on such a large scale as to create strong incentives for side-lining social and environmental standards even to the point of overt corruption.<sup>74</sup> This observation applies to both the companies, often based in Australia, that own and operate mines in the Pacific islands, and the national government that collects taxes and royalties from their operation. For each of these parties, but particularly the latter, a single mine can represent a significant proportion of their overall revenue.<sup>75</sup> It is therefore unsurprising that both of them resist calls to cancel or withdraw from a project even in the face of evidence that it is causing social or environmental damage, or public

71 Satish Chand, 'Facilitating Adjustment to the Sugar Woes in Fiji', *Pacific Economic Bulletin*, Vol.20, No.2, 2005, p.89.

72 Andrew McGregor, *Pacific 2020 Background Paper: Agriculture*, Canberra, Commonwealth of Australia, 2006, pp.17-18.

73 Nathan Associates Inc., *Pacific Regional Trade and Economic Cooperation*, p.32.

74 For example, following collapses in the tailings dams at Ok Tedi and at Panguna mines in PNG, mining companies continued operations by dumping tailings in the river. The use of cyanide to extract gold has also caused recurrent pollution problems. See, for example, David Merrett, 'Sugar and Copper: Postcolonial Experiences of Australian Multinationals', *Business History Review*, Vol.81, Summer 2007, pp.226-7.

campaigns against it. Given that most mining companies operating in the Pacific islands are based in Australia, the Australian government potentially has some leverage over them. Since the 1980s, there have been public campaigns in Australia, supported by NGOs in Australia and in the Pacific, notably over the Panguna and Ok Tedi mines in PNG. In 2006, the Australian government signalled its intention to support the Extractive Industries Transparency Initiative, designed to promote transparency in the use of revenue from oil, gas and minerals projects.<sup>76</sup> It is too early to evaluate the impact this initiative has had, though the reports of recent events at Porgera mine in PNG suggest that there are still problems.<sup>77</sup>

The logging of tropical hardwoods in the rainforests of PNG, Solomon Islands and Vanuatu has been a second major extractive industry. Undertaken largely by Malaysian and Indonesian companies, it has been widely criticised for the environmental damage it causes and its unsustainability.<sup>78</sup> Because it takes place in remote areas and by its nature moves about in search of unlogged forests, it is difficult to regulate and monitor. Illegal logging revealed by satellite imagery and corruption in the allocation of logging concessions are reported to be widespread.<sup>79</sup> There have been numerous attempts over many years by land owners, local and international NGOs and aid donors for forestry to be better regulated, with the aim of making it environmentally sustainable and socially beneficial. Nonetheless, the incentives are so great, and the risks of being caught or punished for breaching regulations so small, that illegal logging continues apace.<sup>80</sup>

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75 For example, over the years from 1972 until its closure in 1989, the Panguna copper mine in Bougainville generated 44% of PNG's exports and 16% of its internal revenue. The mine was central to the long-running and deadly dispute between the PNG government and Bougainville secessionist movements. See John Connell, 'Compensation and Conflict'. More recently the Porgera mine in the central highlands of PNG was reported as accounting for 11% of the country's PNG. See Nick O'Malley, 'A Walk Through the Valley of Death', *SMH*, 10 June 2009, p.7.

76 Alexander Downer, *Australia Supports Greater Transparency in Resource-Rich Developing Countries*, Media Release, 11 November 2006, <[http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=8985\\_8487\\_4556\\_8483\\_4975](http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=8985_8487_4556_8483_4975)> (accessed on 2 July 2009).

77 Nick O'Malley, 'A Walk Through the Valley of Death', *SMH*, 10 June 2009, p.7.

78 The Malaysian giant Rimbunan Hijau in particular has been the subject of public campaigning over its logging operations in PNG. See Greenpeace International, *Preserving Paradise*, Amsterdam, The Netherlands, Greenpeace, 2008.

79 Greenpeace International, *Preserving Paradise*, pp.17-24.

80 The World Bank estimated in 2004 that 70% of all logging in PNG was illegal. See Greenpeace International, *Preserving Paradise*, p.22.

The third significant primary resource industry in the Pacific is fishing. Their enormous EEZs, which host some of the world's major fish stocks, are widely seen to be an important and, at least potentially, sustainable economic resource for many Pacific states.<sup>81</sup> As with logging, there are difficulties in monitoring and collecting fees from foreign vessels, in addition to the problems of formulating appropriate regulations for the fishing industry. A major difference between fishing and logging, however, has been the regional cooperation under the auspices of the Forum Fisheries Agency (FFA), which has been relatively successful in helping Pacific states to benefit from fishing operations within their EEZs.<sup>82</sup> There is some limited processing carried out at local canneries, although the products tend to be reliant on preferential trading arrangements to be competitive in export markets in Europe. Despite efforts to 'domesticate' the fishing industry, much of it remains in the hands of Distant Water Fishing Nations (DWFN) in Asia, Europe and the US, with production for export to those countries.<sup>83</sup> For this reason, and the fact that Australia and New Zealand have fishing industries operating domestically, they import little fish or marine products from the Pacific islands.<sup>84</sup>

There are a number of export service industries operating in Pacific countries. The biggest of these is tourism, in which a number of Pacific islands engage very successfully. The largest tourist industry in absolute terms is in Fiji, which has received over 500,000 visitors per year since 2004.<sup>85</sup> The largest relative to the size of the domestic economy, at around 50%, is in Cook Islands.<sup>86</sup> Tourism benefits from an image of the Pacific islands as a 'paradise' of white sandy beaches and palm trees, which, however far it may be from the reality of life for most Pacific islanders, successfully attracts tourists. Analysis informing Australian policy has identified

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81 For example, AusAID, *Pacific 2020*, pp.108-115; Australian Strategic Policy Institute, *Engaging Our Neighbours: Towards a New Relationship between Australia and the Pacific Islands*, Sydney, ASPI, 2008, pp.13-14; Tim Stephens, 'Fisheries-Led Development in the South Pacific: Charting a "Pacific Way" to a Sustainable Future', *Ocean Development & International Law*, Vol.39, 2008, pp.257-286;

82 Asian Development Bank & Commonwealth Secretariat, *Toward a New Pacific Regionalism*, Asian Development Bank, 2005, pp.65-67.

83 Tim Stephens, 'Fisheries-Led Development in the South Pacific', p.260.

84 Nathan Associates Inc., *Pacific Regional Trade and Economic Cooperation*, p.8.

85 South Pacific Tourism Organisation, *Annual Report*, Suva, South Pacific Tourism Organisation, 2007, p.7.

86 South Pacific Tourism Organisation, *Tourism Sector Studies: Cook Islands*, <[http://www.spto.org/spto/export/sites/spto/investment/CountryReports/cook\\_islands.pdf](http://www.spto.org/spto/export/sites/spto/investment/CountryReports/cook_islands.pdf)> (accessed on 17 July 2009).

tourism as one of five 'productive sectors'<sup>87</sup> to which Australian aid contributes through core funding to the Pacific Islands Trade and Investment Commission.<sup>88</sup>

Other service industries include back-end banking services for ANZ banks in South-East Asia, taking advantage of Fiji's time-zone, widespread use of English and good electronic communications infrastructure. However, little has come of proposals to capitalise further on these advantages by developing a call centre industry in Fiji. The failure of these proposals to eventuate has been blamed on poor domestic policies, such as monopolisation and consequent over-pricing of telecommunications and poor planning.<sup>89</sup> These examples demonstrate the extent to which success or failure can depend on uncertain factors such as the involvement of key individuals or the existence of private interests that are beyond the ready control of policy-makers.

The Yazaki factory in Samoa assembles car components for export to Australian car manufacturers, and has been held up as a demonstration that Pacific states can compete in a globalised economy. However, critics point out that Samoan production is only competitive because the rules for Australian domestic content in 'Australian-produced' vehicles were modified to include production in any country that is a member of the SPF/PIF.<sup>90</sup> Furthermore the practice of 'transfer pricing' by the Japanese parent company has meant that the only money from the operation that remains in Samoa is wages, overheads and other local expenditure.<sup>91</sup> The case demonstrates, among other things, the multitude of ways in which Australian policy can affect, and even define, the level of economic success of the Pacific islands.

From the late 1980s until 2005, Fiji hosted a 'cut-trim-make' garment industry based on finishing products with fabric imported from Australia.<sup>92</sup> Its profitability depended

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87 AusAID, *Pacific 2020*, pp.51-52.

88 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Aid Program in the Pacific*, p.38.

89 Ron Duncan, 'Information and Communications Technology in the Pacific Islands: Marginalisation by Monopolisation', *Pacific Economic Bulletin*, Vol.19, No.2, 2004, pp.129-131; Wadan Narsey, 'The Incidence of Poverty and the Poverty Gap in Fiji', *Fiji Update 2008*, Suva, Fiji, 22 July 2008.

90 Roman Grynberg, *The Pacific Island States and the WTO: Towards a Post-Seattle Agenda for the Small Vulnerable States*, Suva, Pacific Islands Forum Secretariat, 2000, p.3.

91 Jon Fraenkel, 'Beyond MIRAB: Do Aid and Remittances Crowd Out Export Growth in Pacific Microeconomies?', *Asia Pacific Viewpoint*, Vol.47, No.1, 2006, p.18.

92 Paresh Narayan, 'Globalisation of the Garment Industry: Implications for Fiji's Economy', *Development Bulletin*, Vol.55, July 2001, pp.36-38.

on trading agreements with the countries that imported the finished products, notably a quota to export to the US under the Multifibre Arrangement (MFA) and tariff-free access to the Australian and New Zealand markets under SPARTECA. It was also helped by fiscal incentives offered by the Fiji government and an import credit scheme for Australian textiles. When a 20% devaluation of the Fiji dollar in 1998 reduced the Fiji content of garment exports below the 50% threshold required for duty-free entry to Australia under SPARTECA, the Fiji trade minister successfully lobbied the Australian government for a temporary derogation to this rule.<sup>93</sup> With the ending of the MFA in 2005, Fiji no longer enjoyed preferential access to markets other than Australia and New Zealand, and from 2004 to 2005 the output of its garment and footwear industries fell by 55%.<sup>94</sup> The remaining Fiji garment industry is now more dependent than ever on the continuation of the SPARTECA agreement, even as Australia's lowering of tariffs on imports from other countries reduces the value of that agreement.<sup>95</sup> This exposure of Fiji to decisions of Australian governments, often taken for completely unrelated reasons,<sup>96</sup> is an example of the way in which Pacific islands can be caught in the 'backwash' of policy-making. From the perspective of the less developed Pacific states, it demonstrates how Australian measures such as SPARTECA have disproportionately benefited Fiji and contributed to an increased disparity among the Pacific islands.<sup>97</sup>

The other conventional sources of foreign income to Pacific islands are 'niche' exports that exploit in some way the Pacific 'brand' to distinguish their products from those of their competitors. The remoteness of the Pacific has been used to promote the 'purity' of products such as Fiji Water, coconut oil, vegetables and fish. Other products, such as handicrafts and kava, exploit an image of Pacific cultural identity. Helping the Pacific islands to profit from such 'niche markets' has been an objective of the development assistance policy of Australia and other donors. Despite their

93 'Australian Foreign Minister reassures Fiji's TCF manufacturers', *Pacific Islands Broadcasting Association News Service*, 16 December 1999.

94 Stewart Firth, 'Pacific Islands Trade, Labor, and Security in an Era of Globalization', *Contemporary Pacific*, Vol.19, No.1, 2007, pp.119-120.

95 Jane Kelsey, *A People's Guide to the Pacific's Economic Partnership Agreement*, Suva, World Council of Churches Office in the Pacific, 2005, p.45.

96 For example, the Howard government used trade agreements to pursue foreign policy and security interests. See Ann Capling, 'Australia's Trade Policy Dilemmas', *Australian Journal of International Affairs*, Vol.62, No.2, 2008.

97 Ron G. Crocombe, *The South Pacific*, p.581.

undoubted contribution to the economy of the exporting country, these very small markets are dependent on consumer tastes and in some cases on regulations in importing countries. To the extent that they are dependent on these markets, Pacific island countries are therefore susceptible to these unpredictable factors. For instance, the banning of the commercial importation of kava into Australia and the EU dealt a significant blow to export receipts and to the farmers who had planted crops of kava in the expectation of being able to sell it for export.<sup>98</sup>

### ***Unorthodox economic activities***

Focusing on imports and exports of goods and services can mask a variety of less orthodox forms of engagement with the global economy in which all Pacific island countries engage to some degree. With few exceptions, these strategies have tended to be either ignored or seen as anomalous by economists, especially those associated with liberal schools grounded in a separation of politics from economics.<sup>99</sup> In contrast, some scholars have derived explanations based on observation of the economies of SIDS that describe the unorthodox behaviour as perfectly rational adaptations to their particular circumstances.<sup>100</sup> Unsurprisingly, they conclude that adaptation to traits that are conventionally seen as handicaps, notably smallness and isolation from markets, results in strategies that differ significantly from those adopted by the states on whose economies the conventional models were based. These analyses have typically been inspired by the apparent success of those adaptive strategies, which their proponents argue should be further pursued. Other scholars have taken a more nuanced position, recognising that although the analyses do draw into question the

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98 A kava crop takes somewhere between three and ten years to be ready for harvest; the older the plant the better quality the product.

99 For example, Rodney V. Cole, 'Economic Development in the South Pacific: Promoting the Private Sector', *World Development*, Vol.21, No.2, 1993, pp.233-45; Colin S. Mellor, 'Small Pacific Island States: Development of International Trade', *Pacific Economic Bulletin*, Vol.12, No.1, 1997, pp.70-83; William Easterly & Aart Kraay, 'Small States, Small Problems?', pp.2013-27; L. Alan Winters, 'Small Economies in a Globalising World: The Policy Challenges Ahead', *Pacific Economic Bulletin*, Vol.20, No.3, 2005, pp.94-102.

100 For example, I. G. Bertram & R. F. Watters, 'The MIRAB Economy in South Pacific Microstates', *Pacific Viewpoint*, Vol.26, No.3, 1985, pp.497-519; Godfrey Baldacchino, 'Bursting the Bubble: The Pseudo-Development Strategies of Microstates', *Development and Change*, Vol.24, No.1, 1993, pp.29-51; Bernard Poirine, 'Should We Hate or Love MIRAB? (Migration, Remittances, Aid, and Bureaucracy)', *Contemporary Pacific*, Vol.10, No.1, 1998, pp.41-65; Harvey W. Armstrong & Robert Read, 'The Phantom of Liberty? Economic Growth and the Vulnerability of Small States', *Journal of International Development*, Vol.14, No.4, 2002, pp.435-58.

perspective of conventional economics, they do not necessarily prescribe an alternative policy for development.<sup>101</sup> Nonetheless, the SIDS analysis concerns Australian policy-makers because it provides a description, if partial, of the economies of the Pacific islands, and thereby demonstrates that an economy based on the export of goods and services according to the principle of comparative advantage is not the sole possible manner of integrating into the global economy. Policy prescriptions derived from the SIDS analysis inform the positions of not only some humanitarian NGOs but, to an increasing degree, more orthodox development institutions.<sup>102</sup>

The central argument of the SIDS analyses is that the defining features, that is, smallness and isolation, which generally prove weaknesses for market-based export of goods and services, can be turned to advantage in pursuit of other ends. For this purpose, the term 'small' refers primarily to the size of the population and economy, as well as the perception in partner countries of being of limited significance. One set of benefits of smallness derives from being 'below the radar', permitting strategies that might invoke sanctions were they attempted by larger countries. For example, migration from micro-states is less likely to cause a negative reaction in the destination country for the simple reason that the number of migrants can only be small. A second benefit of smallness is that the sums of money required for social goals are small in absolute terms, so that measures that are modest from the perspective of other state or corporate actors can be sufficient to achieve them. The international system confers on all states a formal equality that acts to counter the imbalance in power derived from size. The benefit that a state can potentially derive from 'trading' on its sovereignty is therefore inversely related to its size. Many of the unorthodox economic strategies that the Pacific islands have adopted involve trading on some aspect of their sovereignty.

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101 For example, John Connell, 'Island Microstates: The Mirage of Development', *Contemporary Pacific*, Vol.3, No.2, 1991, pp.251-87; Jon Fraenkel, 'Beyond MIRAB: Do Aid and Remittances Crowd Out Export Growth in Pacific Microeconomies?', pp.15-30.

102 For example, both the World Bank and Asian Development Bank have espoused policies that promote labour mobility and remittances as paths to development for Pacific Islands. See World Bank, *At Home and Away*; Asian Development Bank & Commonwealth Secretariat, *Toward a New Pacific Regionalism*, pp.98-102.

The first of these strategies involves various forms of migration, most often to the former colonial or mandated power.<sup>103</sup> Of particular relevance in this regard is the practice of 'circular migration' whereby some individuals spend a portion of their life working in the destination country and sending remittances home. The amounts of remittances are prone to underestimation as many are given in-kind or as cash delivered from hand to hand.<sup>104</sup> Estimates of the level of remittances excluding the latter nonetheless amount to as much as 40 percent of GDP, in some cases the largest source of foreign income.<sup>105</sup> Research indicates that although much of this money was spent on consumption, there was considerable diversity in its use, and some categories of spending, notably housing, have been inappropriately classified as consumption.<sup>106</sup> Other uses include savings, air fares and education for family members, investment in businesses and agriculture, and expenditure on community and social organisations and ceremonies.

Circular migration is an important component of a descriptive analysis of a certain kind of economy prevalent in the small island states of the Pacific known as MIRAB. This analysis was originally driven by an attempt to explain how some countries in the New Zealand orbit appeared able to maintain a higher standard of living, and in particular, higher levels of imports than predicted by development economics.<sup>107</sup> It departed radically from previous conceptualisations of the economies of these islands from a 'territorial, closed system or statist perspective'<sup>108</sup> to understanding them rather as transnational entities. Orthodox development economics, based on the former perspective, assumed that imports could only be financed by exports and saw sources of finance such as remittances and aid as 'transfer payments' that could not be justified in economic terms. The MIRAB analysis argued that, far from being

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103 Historical explanations for this phenomenon focus on the relatively benign colonial relationship that existed between metropole and small island states, detracting from the attraction of independence and leading to a continued close relationship after independence. See Godfrey Baldacchino, 'Managing the Hinterland Beyond: Two Ideal-Type Strategies of Economic Development for Small Island Territories', *Asia Pacific Viewpoint*, Vol.47, No.1, 2006, p.47..

104 Nic Maclellan & Peter Mares, 'Labour Mobility in the Pacific: Creating Seasonal Work Programs in Australia', in Stewart Firth (ed.), *Globalisation and Governance in the Pacific Islands*, State, Society and Governance in Melanesia, ANU, 2006, p.143.

105 Centre for International Economics, *Pacific Island Economies: The Role of International Trade and Investment*, Canberra, Centre for International Economics, 2007, p.16.

106 John Connell & Richard P. C. Brown, *Remittances in the Pacific*, pp.30-37.

107 I. G. Bertram & R. F. Watters, 'The MIRAB Economy in South Pacific Microstates'.

108 Godfrey Baldacchino, 'Managing the Hinterland Beyond', p.47.



anomalous, these and other sources of finance have an economic logic of their own that contributes to the sustainability of the overall strategy.

Viewed in this manner, remittances are not simply gifts from one individual to another, but investments in the next generation of migrant workers, payments to those who remain at home caring for future and past generations and funds for the retirement of returned migrants. Extended families can thus be seen to be acting as 'transnational corporations of kin'<sup>109</sup> functioning according to a rational economic logic. Aid is similarly reconceptualised not as simple altruism nor as enlightened self-interest but as an exchange for geostrategic or diplomatic services. Although the latter argument probably only explains a portion of the aid flows, the important point is that aid has been given consistently for decades, and attracting as much aid with the fewest possible attached conditions has been an explicit objective of Pacific island governments in their negotiations with donors. The final aspect of the MIRAB model, bureaucracy, is drawn from the observation that the public sector is the prime source of employment in these economies. This is explained by the uncompetitive nature of the domestic private sector owing to the high cost of labour in a work-force that has the option of migrating in search of higher wages.

Variants on the MIRAB model have been developed to explain analogous circumstances in other states. For instance, Tuvalu and Kiribati have a large enough number of seafarers working in foreign fleets that their wages play the role of remittances in MIRAB economies. In the French Pacific, the presence of the French state and prospects for employment at high wages render migration unnecessary. A more detailed analysis of a multitude of strategies that have been pursued draws attention to a shrewd mix of policies that can be seen involving migration, control over resources, international engagement, finance and transportation.<sup>110</sup> What makes these adaptations distinct is their drawing on extra-territorial resources of some sort in order to make good the deficiencies inherent in occupying a small and isolated territory.

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109 George E. Marcus, 'Power on the Extreme Periphery: The Perspective of Tongan Elites in the Modern World System', *Pacific Viewpoint*, Vol.22, 1981, cited in John Connell & Richard P. C. Brown, *Remittances in the Pacific*, p.16.

110 Godfrey Baldacchino, 'Managing the Hinterland Beyond', p.54.

The MIRAB model and its variants are significant to Australian policy-makers chiefly because of the potential for Australia to play host to migrants from the Pacific islands. There have for decades been periodic calls for Australia to offer special temporary visas to unskilled workers from the Pacific islands. Though the logic of free movement of labour is perfectly consistent with the liberal economic ideas that have been prevalent in Australia since the Hawke government, domestic political imperatives have made such a move unpalatable. Instead, Australia spearheaded initiatives such as helping Pacific islanders to minimise the cost of remitting funds to the Pacific islands,<sup>111</sup> which supports the principle but falls short of materially helping the practice of labour mobility. In recent years, the Australian government has begun to implement this policy, instituting a pilot programme, soon to be made permanent, to bring labourers from a limited number of Pacific islands on temporary visas to work in the horticultural industry. A second critique made of the use of temporary migration as a policy is that, rather than being a tool for development, it would merely delay the necessary reform of the Pacific island economies while harming the prospects for the unemployed in Australia, notably Aboriginal and Torres Strait Islanders.<sup>112</sup>

Other than migration, the unorthodox economic strategies practised in the Pacific islands contain the common element of trading in some way on the sovereignty of the state.<sup>113</sup> That is, they engage the state in exercising some aspect of its sovereignty in a certain manner in exchange for benefits, usually some form of financial assistance, from other state or non-state actors. Because of the formal equality of states in at least some international institutions, the smaller the state, the greater the value of its sovereignty relative to its population. Very small states thus have the greatest potential to improve their standard of living by trading on their sovereignty, and Pacific islands states have done so in a variety of ways.

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111 Amanda Rishworth, *Remittance Website to Help Pacific Islanders*, Media Release, 27 March 2009, <[http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=5409\\_6262\\_8387\\_3545\\_1745](http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=5409_6262_8387_3545_1745)> (accessed on 16 July 2009).

112 Sandy Cuthbertson & Rodney Cole, *Population Growth in the South Pacific Island States: Implications for Australia*, Canberra, Australian Government Publishing Service, 1995, pp.49-50; Helen Hughes & Gaurav Sodhi, *Should Australia and New Zealand Open Their Doors to Guest Workers From the Pacific?*, pp.14,23.

113 See Richard Herr, 'Sovereignty and Responsibility: Some Issues in Chinese/Taiwan Rivalry in the Pacific Islands', *Fijian Studies*, Vol.4, No.2, 2006, pp.80-83.

Because their need for finance is small in absolute terms, the Pacific islands make an attractive proposition for other powers seeking influence in exchange for financial assistance. This type of offer has come most notably from Taiwan, which seeks support in the UN for its claim to a seat, and China, which in addition to its own strategic interests in the Pacific, considers Taiwan part of its territory, and in defence of this position opposes Taiwanese claims.<sup>114</sup> With the end of the Cold War and the economic rise of China, Taiwan has been losing its diplomatic competition with China. It currently has only 23 diplomatic allies, six of them in the Pacific.<sup>115</sup> Despite Australia's ostensible neutrality in regard to such diplomatic prerogatives of the sovereign Pacific island states and its own engagement in relations with both China and Taiwan, the manoeuvring of these two countries and the Pacific islands has posed challenges to Australian policy-makers. They have argued notably that China and Taiwan do not give aid with the goal of promoting development, but as 'chequebook diplomacy' in the service of their own unrelated foreign policy objectives. As a result, their aid can undermine the objectives of Australia's 'good' aid, notably the enforcement of principles of transparency, accountability and 'good governance' in public administration.<sup>116</sup> From the perspective of Pacific island leaders, the 'non-interference' of China and Taiwan in the internal affairs of their countries can be a welcome contrast to the 'bullying' of Western donors including Australia.<sup>117</sup> Japan is also alleged to have used aid as leverage to secure votes in support of its position at the International Whaling Commission.<sup>118</sup> In the latter case, Australia has opposed the Japanese efforts by working directly to secure support from the Pacific island states for its anti-whaling position.

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114 Thomas V. Biddick, 'Diplomatic Rivalry in the South Pacific: The PRC and Taiwan', *Asian Survey*, Vol.29, No.8, 1989, p.803; John Henderson & Benjamin Reilly, 'Dragon in Paradise: China's Rising Star in Oceania', *National Interest*, No.72, Summer 2003, pp.101-102; Richard Herr, 'Sovereignty and Responsibility', p.83; Graeme Dobell, *China and Taiwan in the South Pacific*, p.3; Fergus Hanson, *The Dragon Looks South*, p.6.

115 The six are Kiribati, Marshall Islands, Nauru, Palau, Solomon Islands and Tuvalu. Fergus Hanson, *China: Stumbling Through the Pacific*, Sydney, Lowy Institute for International Policy, 2009, p.12.

116 Department of Foreign Affairs and Trade, *Submission No. P19*, Senate Standing Committee on Foreign Affairs, Defence and Trade, Inquiry Into Australia's Relationship with China <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=fadt\\_ctte/completed\\_inquiries/2004-07/china/submissions/sub19.pdf](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fadt_ctte/completed_inquiries/2004-07/china/submissions/sub19.pdf)> (accessed on 13 March 2009), 2005, p.19, cited in Fergus Hanson, *The Dragon Looks South*, p.5.

117 John Henderson & Benjamin Reilly, 'Dragon in Paradise', p.103.

118 Chris Hammer & Andrew Darby, 'Australia Gathers Proof on Japan's Whaling Bribes', *The Age*, 9 March 2008, p.2.

The geographic location of the Pacific islands and the vast expanses of ocean in which they are situated provide another source of exchange value for their sovereignty. The major military powers and their allies have long seen great strategic value in the Pacific as it includes approaches to the Pacific rim as well as shipping routes between Asia, Australia, New Zealand and the Americas. The US maintains a strong military presence in the North Pacific in proximity to the strategically critical North-East Asian region, as does France in its Pacific island possessions. The considerable sums of financial resources that these countries have devoted to the Pacific can be seen as payment for 'geostrategic services', that is, acting as 'stationary aircraft carriers', missile bases, or radar bases for great military powers.<sup>119</sup> For Australia, many of the Pacific islands, including Australia's nearest geographic neighbour, PNG, and Solomon Islands, Vanuatu and New Caledonia are not remote at all. These countries form an 'archipelagic screen'<sup>120</sup> which, as World War II demonstrated, could potentially serve as a stepping-stone for an attack on the Australian mainland. Maintaining regional security through social and political stability in these countries has long been a centrepiece of Australian defence policy, and continues to be an important consideration for Australian policy-makers.

From the perspective of the Pacific countries, the hosting of military facilities, including bases, test sites and waste storage is one way in which sovereignty can be traded with other states. To this can be added the offshore detention centres created under the Australian 'Pacific solution' to undocumented boat arrivals. Whereas the value to the other state in the former case lies in the geographic location of the facilities, in the latter case it derives from the jurisdictional sovereignty of the islands, beyond the reach of Australian law and treaty obligations. Although both of these cases theoretically involve an exchange freely entered into by each side, it is apparent that the bargain is not one into which the Pacific island states would be likely to enter were they not induced by their need for financial support. As the case of the 'Pacific solution' illustrates, Australian policy-makers have been prepared to enter into this

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119 Bernard Poirine, 'Should We Hate or Love MIRAB?', p.89.

120 Robert Ayson, 'The 'Arc of Instability' and Australia's Strategic Policy', *Australian Journal of International Affairs*, Vol.61, No.2, 2007, p.222.

kind of arrangement, even at the risk of provoking disaffection among Pacific islanders, to serve Australian domestic political purposes.

A related manner in which the isolation of Pacific states attracts financial assistance is by engendering fear on the part of donors of illegal or threatening activities such as hosting a hostile foreign power, people- or drug-smuggling or even terrorism.<sup>121</sup> There have been instances where such fears appear to have been well founded, including a number of significant seizures of illegal drugs in Fiji bound for markets on the Pacific rim.<sup>122</sup> However they can be exaggerated or manipulated, as can be seen by the claim, later retracted, of the discovery in Suva of the largest methamphetamine factory ever seen in the southern hemisphere.<sup>123</sup> In a similar vein, the perception of a threat to Australian quarantine standards and border integrity has led to significant aid projects aimed at bolstering the Pacific states' own law enforcement, customs and immigration capabilities.<sup>124</sup>

In such cases, the Pacific island state involved accepts an often significant measure of external control over its administration as part of a bargain with the donor state. This has been a source of considerable criticism of the regional powers, notably Australia, for establishing a quasi-colonial relationship with the island states.<sup>125</sup> On the other hand, Pacific island governments possess leverage through the fact that they are ultimately free to reject the arrangement and may not pay a particularly high price for doing so. This is illustrated by the fact that following the recall of Australian police officers from PNG in 2005 over the issue of their immunity from prosecution, the Enhanced Cooperation Programme (ECP) continued and there were no repercussions for other aid programmes.<sup>126</sup> On the other hand, PNG's size and

121 See Minh Nguyen, *The Question of 'Failed States': Australia and the Notion of State Failure*, Sydney, Uniya Jesuit Social Justice Centre, 2005; Beth K. Greener-Barcham & Manuhia Barcham, 'Terrorism in the South Pacific? Thinking Critically About Approaches to Security in the Region', *Australian Journal of International Affairs*, Vol.60, No.1, March 2006, pp.67-82.

122 Rob McCusker, *Transnational Crime in the Pacific Islands: Real or Apparent Danger?*, Canberra, Australian Institute of Criminology, 2006, p.2.

123 See 'Pacific Paradise Lost', *The Australian*, 5 January 2007, p.11.

124 See Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific Engaged*, pp.173-205.

125 See, for example, Allan Patience, 'The ECP and Australia's Middle Power Ambitions', p.2; Ben Scott, *Re-Imagining Papua New Guinea*, p.117; Graeme Dobell, 'Pacific Power Plays', *Australia and the South Pacific: Rising to the Challenge*, Canberra, Australian Strategic Policy Institute, 2008, p.75.

126 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Aid Program in the Pacific*, pp.12-13.

resource wealth give its leaders greater freedom than those of smaller states to deny the wishes of donors. The Australian government has on occasion been quite explicit in its demand for particular policies on the part of Pacific governments.<sup>127</sup> Insistence by Australian leaders that Pacific governments adopt 'sound' policy certainly weighs on the mind of their leaders in their negotiations over interventionist programmes.

As mentioned above, the conditions required by some players in exchange for financial aid can be rather less intrusive from the point of view of the Pacific island recipient than those of Australia or New Zealand. On the one hand, this 'hands-off' approach is similar to that adopted by Australia in the past in the name of respecting the sovereign right of independent states to devise their own political and financial arrangements. On the other hand, it is evident that the flow of money is, at least on occasion, designed to influence decision-makers without regard for its other consequences or for principles of transparency or accountability. For instance, every Solomon Island MP received a discretionary allowance from Taiwan in 2006 totalling SI\$1 million (around A\$200,000) per year, over 13 times more than from the Solomon Islands state.<sup>128</sup> In Vanuatu, every government minister has the use of a luxury car as a gift from the Chinese government.<sup>129</sup> This kind of activity is anathema to Australian policy analysts, who advocate bringing China and Taiwan 'into the fold' of responsible donors of development assistance.<sup>130</sup>

The final dimension of unorthodox economic strategies of Pacific islands involves their trading on aspects of their sovereignty on a more strictly commercial basis. Certain niche exports derive value from their remote origin, notably collectables such as postage stamps and coins.<sup>131</sup> A related value derives from the licensing of sought-after Internet domains.<sup>132</sup> Other collective goods of which the share allocated to Pacific islands may be traded include satellite space and air space.<sup>133</sup> A more controversial tactic available to small states whose requirements for tax revenue are

127 Graeme Dobell, 'Australia's Intervention Policy: A Melanesian Learning Curve?', pp.61-62.

128 Graeme Dobell, *China and Taiwan in the South Pacific*, p.11.

129 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', *Australian Journal of International Affairs*, Vol.61, No.3, September 2007, p.356.

130 For example, Fergus Hanson, *The Dragon Looks South*.

131 Tuvalu in particular had, for a period in the 1980s, a successful philatelic bureau that was the largest employer in the country. See Colin S. Mellor, 'Small Pacific Island States', p.78.

132 A number of sought-after Internet country domains belong to Pacific states; the best-known is .tv (Tuvalu); some others are .to (Tonga), .fm (FSM) and .nu (Niue).

small in absolute terms has been the exercise of jurisdictional sovereignty to establish offshore financial centres, otherwise known as tax havens.<sup>134</sup> This approach is not without risk as it has, on occasion, attracted the attention of more powerful states with concerns about money-laundering that have used their leverage to shut down or regulate the centres.<sup>135</sup> Furthermore, as the case of Nauru illustrates, offshore financial centres may not generate very large returns, especially compared with the sums of money that pass through them.<sup>136</sup> More dubious still has been the selling of citizenship to those who desire a new passport and can afford the price.<sup>137</sup> The primary concern to Australian policy-makers in this regard has been the avoidance of tax by Australians, most notably in Vanuatu. Border control issues and support for the 'war on terror' have also had an influence on Australian policy-making.

### **Conclusions**

The region known in Australia as the 'Pacific islands' is as much a product of historical and political events as one with a geographical or cultural coherence. It spans the vast expanse of the Pacific Ocean, taking in islands from tiny coral atolls to volcanic islands containing high peaks and fertile highlands. It is peopled by a variety of indigenous and immigrant societies whose features and diversity are little appreciated outside the region, including in Australia. Christianity is of great importance to indigenous Pacific societies as a unifying cultural referent and a social structure performing functions of welfare provision and dispute resolution. Customary chiefly structures provide a further centre of power and authority in addition to that of the state.

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133 Tonga has leased its satellite space, while Tuvalu has raised the prospect of charging international airlines for the use of its airspace. See Stephen Boland & Brian Dollery, 'The Value and Viability of Sovereignty-Conferred Rights in MIRAB Economies: The Case of Tuvalu', *Pacific Economic Bulletin*, Vol.21, No.2, 2006, p.149.

134 Anthony van Fossen, 'Offshore Financial Centres and Internal Development in the Pacific Islands', *Pacific Economic Bulletin*, Vol.17, No.1, 2002, pp.38-62.

135 Cook Islands was accused of facilitating money laundering and obliged to tighten its banking laws in 2003; Nauru was obliged to change its laws by the US following 9/11; Vanuatu continues to operate an offshore financial centre but has brought its regulations into line with international norms.

136 In 1999, Nauru had 400 offshore banks registered with a total of some US\$70 billion in deposits yet generated a mere US\$500,000 in government revenue. See Anthony van Fossen, 'Offshore Financial Centres and Internal Development in the Pacific Islands', p.48.

137 Anthony van Fossen, 'Offshore Financial Centres and Internal Development in the Pacific Islands'.

While Pacific societies are undergoing rapid and often uncontrolled urbanisation, the basis of life for most people remains the village. This, like many aspects of economic and social life, is closely bound up with the persistence of customary land tenure, which provides a form of social insurance for many Pacific islanders but restricts market-led economic growth. Although some islands are entering a 'demographic transition', population growth puts constant pressure on the economy to keep pace. Social problems associated with lack of economic opportunity pose great challenges to governments in the Pacific islands and to development agencies working in the region. In those countries where it is available, emigration serves as a 'safety valve' to release some of this pressure.

Although almost all the Pacific island countries are politically constituted as independent states, many of them have ceded aspects of their sovereignty, including currency and foreign policy, in exchange for benefits such as access to labour markets and aid. Their political systems, though modelled closely on the parliamentary democracies of the former colonial powers, have produced very different outcomes. Most notably in the Melanesian countries of PNG, Solomon Islands and Vanuatu, Parliament has been characterised by jostling for power and frequent votes of no confidence.

In adapting to the global economy, small states like the Pacific islands face different challenges and opportunities from larger states. Almost all the goods they export are primary products, including minerals, timber, fish and agricultural products. A number of countries suffer from the 'resource curse', which aggravates the already weak democratic governance. Tourism is a major industry for several countries, along with a small number of service industries. For a time, some Pacific countries, most notably Fiji, benefited from preferential arrangements with trading partners, which allowed the growth of the sugar and garment industries. The benefits from such agreements have greatly diminished because of challenges in the WTO and preference erosion with the proliferation of PTAs.

In addition to these conventional economic activities, many Pacific islands have adopted more novel approaches common to SIDS. These include migration and



remittances, which for a number of Polynesian countries is the primary source of foreign income. Other approaches are based on trading in some manner on their national sovereignty. The latter range from providing strategic or diplomatic ‘services’ to foreign powers, to exercising judicial sovereignty to establish offshore financial centres and sell passports.

The small size of the Pacific islands not only belies their variety and complexity but contributes to their particular social, political and economic features and militates against a thorough understanding by their larger and more powerful interlocutors, including those in Australia. Moreover, it is commonplace to associate smallness with simplicity. Each of these factors can be seen in the tendency of Australian policy-makers to jump to hasty conclusions and to adopt policies developed elsewhere with little attention to their applicability to the Pacific islands. These tendencies have contributed to the volatility that can be seen in Australia’s approaches to the Pacific islands, which will be investigated through a historical narrative in the following five chapters.

### 3 – Constructive commitment: 1988-1993

#### *Introduction*

By 1988, Australia's engagement with the Pacific islands was overdue for renewal. The Hawke government, elected in 1983, and its foreign minister, Bill Hayden, devoted little energy to the region, and Australian engagement with the Pacific islands had lost direction. Against the background of the end of the Cold War, policy-makers' attention was abruptly captured by two coups in Fiji in 1987 followed by unrest and instability in a number of other Pacific islands. These events presented the government with a situation that it was little prepared to comprehend, let alone respond to.

The appointment in 1988 of a new foreign minister, Gareth Evans, created the opportunity for re-orientating Australia's approach to the Pacific islands. Evans applied himself to this task with his characteristic enthusiasm, devising the doctrine of 'constructive commitment'. This approach sought to reconcile the pursuit of Australian national interests with respect for Pacific island sovereignty through partnerships, economic development and shared perceptions of strategy and security.<sup>1</sup>

The adoption of constructive commitment promised a new and more cooperative Australian engagement with the Pacific islands. An effective response to the post-coup government in Fiji appeared to validate its principles. Yet almost immediately, competing demands made themselves felt on Australian policy. Australian strategic concerns were rekindled when the long-running conflict on Bougainville flared up in 1989. This conflict also involved Australian commercial interests in the Panguna mine and humanitarian norms of respect for human rights. The emergence of strong strategic interest in Australian support for PNG disrupted Evans' ability to shape Australian policy. With the shift to a defence-driven posture and Evans' attention turned to other pressing foreign policy issues, Australian engagement with the Pacific islands once again lost its vitality.

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1 Gareth Evans, *Australia in the South Pacific*, Address by the Minister for Foreign Affairs and Trade to the Foreign Correspondents' Association, Sydney, 23 September 1988, Australian Foreign Affairs Record, Vol. 59, No. 9, p.349.

This period, which begins with Evans' tenure as foreign minister and ends with Gordon Bilney's appointment as junior minister with responsibility for the Pacific islands, represents one engagement cycle. Unusually, it was Evans himself who played the role of policy entrepreneur in response to Australia's stagnant relations with the Pacific islands and the problems posed by the coups in Fiji. In contrast, the formulation and adoption of 'constructive commitment' unhindered by institutional resistance, its derailing following the reassertion of Australian strategic interests in response to the Bougainville conflict, and Evans' turning his attention to other issues by the end of the period were typical of the engagement cycle.

This chapter lays out the international context dominated by a final display of Soviet power in the Pacific islands, the regional context characterised by a rapid succession of destabilising events and the domestic context of budgetary constraint. It relates Evans' immediate focus on the Pacific islands on becoming minister and analyses his formulation of the doctrine of constructive commitment. It proceeds to examine the evolution of Australian policy as the new approach was tested against the problems of the post-coup Fiji government and the eruption of violent conflict on Bougainville. It concludes by analysing this period as an instance of the engagement cycle.

### ***International context: the last gasp of the Cold War***

Among its final displays of global reach before finally collapsing, the USSR made a number of forays into the Pacific islands in the mid-1980s.<sup>2</sup> Its efforts included offers of fishing agreements, of which it concluded two, with Kiribati in 1985 and Vanuatu in 1986, and negotiated a further one with PNG. Soviet diplomacy appealed to Pacific island sentiments by presenting the USSR as sympathetic to regional concerns. Examples included signing the SPNFZ protocols in 1986 and criticising the US and

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2 See David Hegarty, 'The Soviet Union in the South Pacific in the 1990s', in Ross Babbage (ed.), *The Soviets in the Pacific in the 1990s*, Rushcutters Bay, Brassey's Australia, 1989; David Hegarty, 'The External Powers in the South Pacific', in Stephen Henningham & Desmond Ball (eds.), *South Pacific Security: Issues and Perspectives*, Canberra, Strategic and Defence Studies Centre, Research School of Pacific Studies, Australian National University, 1991; Richard A. Herr, 'The Soviet Union in the South Pacific', in Ramesh Thakur & Carlyle A. Thayer (eds.), *The Soviet Union as an Asian Pacific power: Implications of Gorbachev's 1986 Vladivostok Initiative*, South Melbourne, Macmillan, 1987; John C. Dorrance, 'The Soviet Union and the Pacific Islands: A Current Assessment', *Asian Survey*, Vol.30, No.9, 1990.

France over their colonial policies.<sup>3</sup> It also conducted 'soft power' initiatives, offering student and academic exchanges and trade and technical cooperation.<sup>4</sup>

In Australia, while Soviet objectives were understood to be economic and political rather than military, ideas about the importance of excluding adversaries from the Pacific islands remained strong.<sup>5</sup> Commentary drew attention to the potential for Soviet fishing to be a cover for surveillance of US military activities such as those at Kwajalein, in the Marshall Islands.<sup>6</sup> US analysis went still further, treating renewed Soviet activity in the Pacific islands as of a kind not only with the New Zealand anti-nuclear policies but with the election of an Australian Labor Party (ALP) government in Australia and the establishment of the SPNFZ.<sup>7</sup>

A key factor behind the USSR's success in appealing to Pacific island governments at this time was the poor relationship between the US and the Pacific islands. Central to this state of affairs were US fisheries policies, which appeared to reflect primarily the power of the US tuna fishing industry to the detriment of Pacific island economies.<sup>8</sup> US opposition to the SPNFZ further diminished its standing among Pacific island governments. Moreover, in arguing that the SPNFZ impeded the free movement of its warships in the region, it dismissed Australian efforts to mediate between the US and Pacific island positions by insisting that the treaty explicitly allow such movement. Eventually, the US administration responded to pressure, including from Australian officials, by resolving the principal issues that were marring its relationship with the Pacific islands. In 1987, it signed the South Pacific Tuna Treaty with the member states of the SPF, more than doubled its aid to the Pacific islands, and increased its diplomatic representation in the region.<sup>9</sup>

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3 Philip C. Boobbyer, 'Soviet Perceptions of the South Pacific in the 1980s', *Asian Survey*, Vol.28, No.5, May 1988, pp.573-93.

4 David Hegarty, 'The Soviet Union in the South Pacific in the 1990s', p.116.

5 See Dennis L. Bark & Owen Harries (eds), *The Red Orchestra*, Stanford, Calif., Hoover Institution Press, Stanford University, 1989.

6 Michael Danby, 'Moscow's South Pacific Push', *I.P.A. Review*, Vol.40, No.4, February-April 1987, p.50.

7 John C. Dorrance, 'The Soviet Union and the Pacific Islands', pp.913-14.

8 Richard A. Herr, 'The American Impact on Australian Defence Relations With the South Pacific Islands', *Australian Outlook*, Vol.38, No.3, 1984, pp.184-91; Thomas-Durell Young, 'U.S. Policy and the South and Southwest Pacific', *Asian Survey*, Vol.28, No.7, July 1988, pp.775-88.

9 Patrick Walters, 'US Boosts Island Nation Aid to Improve Harmed Relations', *SMH*, 28 November 1987, p.26.

Australian disquiet over unwelcome foreign activity in the Pacific islands was aggravated by a brief period of Libyan activism.<sup>10</sup> Employing anti-colonial rhetoric, Libya had by 1987 established links with Vanuatu, Kanak independence activists in New Caledonia and indigenous activists in Australia and New Zealand.<sup>11</sup> Australian officials viewed the Libyan presence in the region as intolerable. The responsible DFAT official at the time, John Trotter, referred to Libya as like 'a splinter in your thumb, you just wanted to get rid of it' and the Australian attitude as asking 'What were they doing here on our patch?'<sup>12</sup> The Australian response was thus uncharacteristically rapid and decisive. Following a 3a.m. flight by Foreign Minister Hayden to meet New Zealand Prime Minister David Lange in May 1987, diplomat David Sadleir was despatched to relay to Pacific island leaders Australia's position on the Libyan presence in the region. Although this action marked the end of this short episode, it played a key role in shaping Evans' ideas about the role that Australia should play in the Pacific islands.

### ***Regional context: Pacific trouble***

In 1987, the image of the Pacific islands in the minds of Australian policy-makers changed from peaceful and democratic to unstable and riven by conflict. Two coups in Fiji were followed by unrest and violence in New Caledonia, riots in Vanuatu and French Polynesia, and political instability in PNG. Media commentators were quick to draw a connection among these diverse events, creating the impression of a widespread 'Pacific trouble'.<sup>13</sup> This perception of trouble in the Pacific islands stimulated increased attention on the part of the bureaucracy, and would be critical to Evans' early focus on the Pacific islands.

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10 See David Hegarty, *Libya and the South Pacific*, Canberra, Strategic and Defence Studies Centre, Australian National University, 1987.

11 Mark Baker, 'Gaddafi Steps Up Push in Pacific', *The Age*, 7 April 1987, p.1.

12 John Trotter, *Interview conducted by the author*, Canberra, 12 September 2007.

13 'Tahiti Riots Add To Instability In S Pacific', *Financial Times*, 27 October 1987, p.4; Warren Osmond, 'Trouble in South Pacific: The Causes Lie Mainly Within', *SMH*, 18 May 1988, p.16; 'Mischief-Making in the South Pacific', *AFR*, 18 May 1988, p.12; Jennifer Hewett, 'Australia Blames Libya for Trouble in Pacific paradise', *Toronto Star*, 22 May 1988, p.H3; Richard Bill, 'Disorders and Ethnic Tensions Bring Turmoil to South Seas', *AP*, 30 May 1988.

## The 1987 coups in Fiji

On 14 May 1987, the democratically elected Fiji Labour Party (FLP) government led by Timoci Bavadra was overthrown in a bloodless coup led by Lieutenant Colonel Sitiveni Rabuka.<sup>14</sup> Four months later, unhappy with the direction that negotiations among Fiji's political parties were taking, Rabuka staged a second coup on 25 September.<sup>15</sup> Australian policy-makers, accustomed to the image of the Pacific islands as peaceful and democratic, were taken by surprise. Foreign Minister Hayden, abroad at the time of both coups, did not judge the first of sufficient gravity to warrant his return from Czechoslovakia, though he did return from New York following the second. One consequence of his not returning following the first coup was that the Australian response was left in the hands of Evans, then assistant minister for foreign affairs, along with Defence Minister Kim Beazley and Prime Minister Bob Hawke.

Over the following year, Australian policy-makers remained uncertain about how best to understand and respond to a military coup in their neighbourhood and sphere of influence. For principled democratic reasons and out of support for a fellow Labour party, the government was inclined to condemn the coups and the interim government that was subsequently appointed. However, it was far from clear to them what form this condemnation should take. The political situation in Fiji was complex and the likely impacts of Australian actions uncertain, lending support to the argument that Australia should apply patience and observation rather than confrontation.<sup>16</sup>

There were other compelling reasons for the Australian government to refrain from strongly opposing the interim government in Fiji. The government of its main ally, the US, was reported to be quietly happy with the overthrow of a government that

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14 For a discussion of interpretations of the coups see Jim Sanday, 'The Coups of 1987: A Personal Analysis', *Pacific Viewpoint*, Vol.30, No.2, 1989, pp.116-131; Barrie Macdonald, 'The Literature of the Fiji coups', *The Contemporary Pacific*, Vol.2, Spring 1990, pp.198-207; Rory Ewins, *Colour, Class and Custom: The Literature of the 1987 Fiji Coup*, <[http://speedysnail.com/pacific/fiji\\_coup/](http://speedysnail.com/pacific/fiji_coup/)> (accessed on 31 July 2008), 1998.

15 While most commentators describe the events of May and September as two distinct coups, others have argued that there was only one coup that was completed in September (See William E. H. Tagupa, 'The 1987 Westminster Constitutional Crisis in Fiji', *Pacific Studies*, Vol.12, No.1, November 1988, pp.97-151), or that the second event cannot be called a coup as it did not overthrow a legitimate government (See Sandra Tarte, 'The Military Republic of Fiji', *Arena*, Vol.81, 1987, pp.75-84). For the purposes of this discussion, both events are referred to as coups.

16 See, for example, Mike Steketee, 'Hayden's Style is to be Patient and Watch', *SMH*, 3 October 1987, p.18.

opposed the presence of nuclear warships in the Pacific Ocean.<sup>17</sup> Australian commercial and strategic interests stood to lose from a rift between Australia and Fiji by being displaced by rivals, notably from France.<sup>18</sup> Many other Pacific island governments were sympathetic to the coup-plotters, so opposing the interim Fiji government would be potentially detrimental to Australia's relationship with those countries. The complexity of the situation militated against the emergence of a clear policy prescription. Early consideration of military intervention in support of a counter-coup gave way within a year to a tacit recognition of the interim government.<sup>19</sup> By the time of Evans' appointment, the primary conclusion that policy-makers had drawn was simply that Australia needed to pay closer attention to the Pacific islands.

### **Widespread unrest**

Reinforcing the message sent by the coups in Fiji, a series of other events strengthened the perception of the Pacific islands as marked by instability. In May 1988, there were riots in the Vanuatu capital, Port Vila, attributed to groups claiming to be the traditional landowners of the town.<sup>20</sup> Indicative of the seriousness with which it had already come to treat unrest in the Pacific islands, the government responded to a late-night request by Prime Minister Walter Lini within hours, dispatching riot control equipment and material to Vanuatu.<sup>21</sup> Later that year, a political dispute turned to crisis in Vanuatu, with President Sokomanu committed to stand trial on charges of inciting mutiny and five MPs charged with sedition.<sup>22</sup>

In New Caledonia, conflict between pro-independence Kanak and pro-French activists reached a climax in April 1988, when Kanak militants held 23 gendarmes hostage on the atoll of Ouvea and French troops staged a counter-attack that included the torture

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17 Paul Sheehan, 'The US Govt is "Kinda Delighted"', *SMH*, 16 May 1987, p.1.

18 Connie Chew, 'France Steps in with \$19.7m to Fill Fiji's Aid Vacuum', *SMH*, 16 January 1988, p.17.

19 Matthew Gubb, 'The Australian Military Response to the Fiji Coup', pp.3-8.

20 'Man Dies in Vanuatu Land Riot', *SMH*, 17 May 1988, p.12.

21 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, Canberra, Commonwealth of Australia, 17 May 1988, p.2417.

22 Mary-Louise O'Callaghan, 'Lini Moves on President, Puts Sope in Court', *SMH*, 21 December 1988, p.1.

and summary execution of militants.<sup>23</sup> Although tensions diminished markedly when the main pro-independence groups were brought into the political process with the signing in June of the Matignon Accord, Australian policy-makers retained the impression of regional instability. In the French territory of Tahiti, rioting took place in October 1987 following clashes between police and striking dock-workers. The French response included dispatching 200 members of the Foreign Legion and three squadrons of gendarmes from France and New Caledonia.<sup>24</sup>

Political manoeuvrings in the PNG parliament further contributed to the impression of instability. In the months following the June 1987 general election, there was a series of realignments of party allegiances, several ministers were removed over accusations of illegally accepting money, and Prime Minister Paias Wingti suspended Parliament to avoid facing a vote of no-confidence. Rumours circulated in the media that one of those removed, the former Defence Minister Ted Diro, was planning a coup d'état.<sup>25</sup>

### ***A new minister and doctrine***

On 2 September 1988, Gareth Evans was appointed foreign minister, replacing Bill Hayden, who was retiring from Parliament to become Governor-General. Evans brought his signature qualities of dedication and enthusiasm and a progressive and liberal philosophy to the position.<sup>26</sup> He had little prior familiarity with the Pacific islands region, though he had visited PNG while at university and met a number of its future political leaders. More recently, he had been assistant foreign minister since December 1984, and acting foreign minister at the time of both the 1987 coups in Fiji. He thus gained the impression of doing things 'freshly' and that he faced 'a steep learning curve' that was nonetheless 'easy enough to deal with if you approach it in the right spirit.'<sup>27</sup>

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23 One of the most interesting accounts of events in New Caledonia during this period was written by an Australian journalist living in New Caledonia and sympathetic to the Kanak cause. See Helen Fraser, *Your Flag's Blocking Our Sun*, Crows Nest, ABC, 1990; Mary-Louise O'Callaghan, 'Witnesses Tell of Kanak Executions', *SMH*, 12 May 1988, p.17.

24 'French Troops Arrive in Tahiti After Two Days of Clashes', *The Washington Post*, 26 October 1987, p.A16.

25 Helen O'Neil, 'PNG Coup Report Received – But Discounted', *SMH*, 3 February 1988, p.5.

26 Keith Scott, *Gareth Evans*, St Leonards, Allen & Unwin, 1999, pp.37-50.

27 Gareth Evans, *Interview conducted by the author*, Melbourne, 13 August 2007.



On taking office, Evans made the Pacific islands his first priority. Within a week of taking office he embarked on a tour of the region, visiting PNG, Nauru, Solomon Islands, New Caledonia, Vanuatu, Samoa and Tonga, and only cancelling a planned visit to Fiji when it became apparent that the Fiji government would not allow him to meet deposed Prime Minister Bavadra. On his return he gave an important speech to the Foreign Correspondents' Association, in which he admitted frankly that it was only on visiting the islands that he appreciated their real individuality and the wide-ranging and varied agenda entailed by their relationships with Australia.<sup>28</sup> In this speech Evans outlined a vision for Australian engagement with the Pacific islands that represented the most significant adjustment to Australia's approach to the Pacific islands since their independence. He termed it 'constructive commitment', rather than his preferred term 'constructive engagement', which was tainted by its use to describe the US stance toward apartheid in South Africa.<sup>29</sup> Evans' formulation and subsequent efforts to implement the doctrine of constructive commitment would define Australian engagement with the Pacific islands for the next five years.

Evans' doctrine of 'constructive commitment' sought to define Australia's relationship with the Pacific islands in a manner that acknowledged their status as sovereign states. It characterised that relationship as a partnership within which Australia would exercise its superior power with sensitivity, recognising that it would not always achieve its preferred outcomes.<sup>30</sup> Evans proposed that Australia encourage such a relationship by maintaining close bilateral relations with the island states, encouraging regional cooperation, providing development assistance, respecting sovereignty and promoting a shared perception of strategic and security interests.

The partnership that Evans proposed was one of formal equality between sovereign states based on an essential harmony of interests. This emphasis was significant because the Pacific islands had only acquired sovereignty relatively recently. Indeed, Australian foreign policy had yet to adopt a stance toward the Pacific islands that explicitly acknowledged that sovereignty. In doing so, Evans recognised Pacific island governments as the legitimate representatives of those sovereign states. This

28 Gareth Evans, *Australia in the South Pacific*, pp.347-350.

29 John Trotter, *Interview conducted by the author*, Canberra, 12 September 2007.

30 Gareth Evans, *Australia in the South Pacific*, p.349.

recognition would prove problematic for Australian policy-makers when those governments failed to meet international norms, in particular concerning respect for the human rights of their citizens.

Finally, Evans' elaboration of constructive commitment included clear references to Australian strategic interests in limiting the presence of rival powers in the region. In an echo of the Cold War policy of 'strategic denial', it stated that Australia had an interest in 'keeping the region free from destabilising activity by any external power or group.'<sup>31</sup> It referred explicitly to the Libyan episode of the previous year, which it described as an example of 'trouble-making by [an] external power which lacks legitimate interests in the region.'<sup>32</sup> This position, and in particular its implication that Australia would adjudicate on the legitimacy of external powers, sits uneasily with respect for the right of Pacific island states to 'establish diplomatic and commercial links with countries from outside the region.'<sup>33</sup>

In two key statements during the following year Evans sought to resolve the tension between respect for sovereignty and Australian strategic interests. In an address in December 1988 to the Australian National University's (ANU) Strategic and Defence Studies Centre, he reiterated his position that there was a harmony of foreign policy and military interest in Australia's immediate neighbourhood.<sup>34</sup> In a ministerial statement a year later he broached the possibility of a difference between these two interests by defining conditions under which Australian military intervention in the Pacific islands would be warranted.<sup>35</sup> This carefully worded compromise was characteristic of Evans' meticulous and legalistic approach to such questions.

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31 Gareth Evans, *Australia in the South Pacific*, p.348.

32 Gareth Evans, *Australia in the South Pacific*, p.348.

33 Gareth Evans, *Australia in the South Pacific*, p.348.

34 Gareth Evans, *Australia's Place in the World: The Dynamics of Foreign Policy Decision-Making*, Address to ANU Strategic and Defence Studies Centre Bicentennial Conference, Australia and the World: Prologue and Prospects, Canberra, 6 December 1988, <[http://www.gevans.org/speeches/old/1988/061288\\_fm\\_austaliasplace.pdf](http://www.gevans.org/speeches/old/1988/061288_fm_austaliasplace.pdf)> (accessed on 23 August 2011), p.3.

35 Gareth Evans, *Australia's Regional Security*, Ministerial Statement to Australian Federal Parliament, 6 December 1989, Canberra, Department of Foreign Affairs and Trade, pp.21-22.

***Domestic responses to constructive commitment***

Evans' early focus on the Pacific islands was broadly welcomed among those interested in Australian policies in the Pacific islands. Their welcome illustrated the frustration within the small policy community with Australia's neglect of the Pacific islands and enthusiasm for Evans' renewed engagement. Nonetheless the public impact of his announcement of constructive commitment was minimal. Its implementation thus remained Evans' responsibility and prerogative.

The media cautiously welcomed Evans' attention to the Pacific islands.<sup>36</sup> In Parliament, Opposition Leader John Howard welcomed Evans' emphasis on the Pacific islands, which he contrasted with Hayden's neglect.<sup>37</sup> Some commentators on Australia's relationship with the Pacific islands greeted his announcement of the doctrine of 'constructive commitment' with a degree of cynicism.<sup>38</sup> Their critiques, typically based on observation over a longer period than those of the media, emphasised the degree to which Evans continued earlier Australian approaches founded on the maintenance of Australian primacy. Nonetheless, DFAT officials found that journalists and academics with an interest in the Pacific islands welcomed the reinvigorated engagement that Evans initiated.<sup>39</sup> The small coterie of journalists with an ongoing interest in the Pacific islands welcomed Evans' interest, followed his progress closely and helped to communicate his message that Australia needed to take the Pacific islands more seriously.<sup>40</sup>

In its March 1989 report, a long-running parliamentary inquiry into Australia's relations with the South Pacific welcomed increased contact between Australia and the Pacific islands.<sup>41</sup> Initially launched in 1985, the inquiry had become overwhelmed

36 Helen O'Neil, 'Garrulous Gareth Learns Quiet Diplomacy', *SMH*, 17 September 1988, p.9; Roy Eccleston, 'First Foreign Test for Evans in Pacific', *Weekend Australian*, 10-11 September 1988, p.21.

37 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 29 September 1988, p.1210.

38 John Piper, "Don't Sit Under The Coconut Tree with Anybody Else But Me!": Australian Policy Towards the South Pacific, as Reflected in a Recent Parliamentary Report, and Related Government Statements', *Australian Journal of International Affairs*, Vol.44, No.2, 1990, pp.119-130; Greg Fry, "Constructive Commitment' with the South Pacific'.

39 John Trotter, *Interview conducted by the author*, Canberra, 12 September 2007. John Trotter was in charge of South Pacific Affairs from 1987 until 1991.

40 The group comprised Rowan Callick, Graeme Dobell, Sean Dorney, Helen Fraser, Peter Hastings and Mary-Louise O'Callaghan.

41 Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With the South Pacific*.

by the volume of material until it was relaunched in October 1987 with more restricted terms of reference. Its report roundly endorsed the new doctrine, with the proviso that it would be necessary to see how it translated into practical measures.<sup>42</sup> It recommended steps to further bolster Australian involvement, and prefigured the appointment of a junior minister with responsibility for the Pacific islands.

Nonetheless, outside these specialised milieux, the overall level of societal interest in Australia's Pacific policies remained characteristically low. Consultative meetings about Australia's relationship with the Pacific islands attracted only small attendances, comprised essentially of representatives of the usual interest groups. Among these, the most active were trading and mining companies seeking to protect and expand their operations. NGOs and churches sought to pressure Australian International Development Assistance Bureau (AIDAB), especially on issues related to poverty alleviation.<sup>43</sup> Trade unions sought to help develop unions in the Pacific islands, though their focus was almost exclusively on the two largest economies: PNG and Fiji. They also took a particular interest in the political situation in Fiji, where they had a political affinity with the overthrown government led by the FLP.

### ***Explaining constructive commitment***

Foreign Minister Evans' doctrine of constructive commitment is readily explained by the model of foreign policy-making that informs this thesis. The international context, characterised by the USSR and Libya's benefiting from the poor state of relations between the US and the Pacific islands, and the regional context, defined by widespread trouble across the Pacific islands, created pressure on the Australian government to reinvigorate its engagement with the Pacific islands. Australia's own relationship with PNG had recently been soured by leaked documents revealing Foreign Minister Hayden's unflattering appraisal of PNG officials and by the recent diminutions in the volume of Australian budgetary aid to PNG.<sup>44</sup> The DoD and

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42 Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With the South Pacific*, pp.164-73

43 John Trotter, *Interview conducted by the author*, Canberra, 12 September 2007; Gareth Evans, *Interview conducted by the author*, Melbourne, 13 August 2007.

44 Helen O'Neil & Milton Cockburn, 'Secrets: Govt to Appeal to Court', *SMH*, 1 September 1988, p.1; Peter Hastings, 'Australia to End Untied Aid to PNG', *SMH*, 18 September 1987, p.9.

Defence Minister Beazley had become sensitised to the mounting strategic problem that the Pacific islands posed to Australia, and advocated a stronger defence-driven policy in response. In typical manner, the media paid belated and somewhat exaggerated attention to these issues, helping to bring them to public attention.

It is thus noteworthy and illustrative of the 'sticky' nature of policy settings that the timing and nature of Australia's re-engagement with the Pacific islands were not determined by these critical factors. Neither was there a discernible mediating effect produced by governmental institutions that delayed or otherwise affected the official response. Rather, it was a ministerial reshuffle and Prime Minister Hawke's decision to make Evans foreign minister that triggered the shift in Australia's position.

Placed into this position of responsibility, Evans acted in a manner that at once responded to the pressures on Australian policy and reflected his personal predispositions and agenda. In a 1998 interview, Evans enumerated his reasons for making the Pacific islands his first priority.<sup>45</sup> They included Australia's enduring strategic interests in maintaining good relations with the Pacific islands and the recent confluence of events in the islands. In particular, he saw that Australia's role during the Cold War as 'gatekeeper' for the Pacific islands gave it a responsibility that he could not ignore once the USSR became a player in the region.<sup>46</sup> Evans equally sought to compensate for the scant attention that his predecessor, Hayden, had paid the Pacific islands, a fact that Hayden acknowledged when interviewed during this research.<sup>47</sup> There were also more personal reasons, notably Evans' desire to privilege Australia's immediate geographic neighbourhood, where he could make a distinctive mark and which he believed presented a relatively unchallenging diplomatic environment for a new minister.

The doctrine itself similarly reflects enduring features of Australia's relationship with the Pacific islands alongside aspects of Evans' philosophical disposition toward liberal institutionalism tempered by respect for sovereignty. Evans sought to accommodate

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45 Keith Scott, *Gareth Evans*, pp.240-1.

46 Gareth Evans & Bruce Grant, *Australia's Foreign Relations: In the World of the 1990s*, Carlton, Vic., Melbourne University Press, 1995, p.174.

47 Greg Fry, 'Constructive Commitment' with the South Pacific', pp.131-2; Keith Scott, *Gareth Evans*, p.241; Bill Hayden, *Interview conducted by the author*, Brisbane, 19 September 2007.

long-standing ideas about the Pacific islands and Australian interests in the region.<sup>48</sup> These included strategic interests in preserving peace and stability; responsibility as the most developed country in the region for aid and development; straightforward economic and trade interests; and finally, interests both in being and being seen to be a good international citizen. Evans placed great stock on the harmony of interests that he perceived in and between Australia and the Pacific islands, arguing that a strength of constructive commitment was that it drew on diverse justifications for Australian commitment to the Pacific islands pushing policy in the same direction.<sup>49</sup> These justifications included the interests of the Pacific islands themselves, support for Australian interests, and the side-benefits that flow from appreciation of Australia's role by other players, notably other states that benefit from the resulting improved economic and security environment. Positing a fundamental harmony among these disparate interests, he initiated an invigorated Australian engagement in support of them under the banner of constructive commitment.

This interpretation differs from certain influential analyses of the period over the degree to which constructive commitment represented change over continuity. Writing in 1991, political scientist Greg Fry minimised its significance by arguing that it represented a continuation of changes begun under Foreign Minister Hayden and was largely driven by external developments in the form of the ending of the Cold War, agreement between pro- and anti-independence forces in New Caledonia and incipient instability in some Pacific islands.<sup>50</sup> Fry described Evans' contribution as characterised by continuity of support for the central propositions that Australia should aspire to a leadership role in the Pacific islands and that its policy should be driven primarily by security concerns. He thus limited its significance to a change in the form and style of Australian leadership.<sup>51</sup>

In emphasising continuity, Fry discounted the importance of the international and domestic settings that Evans faced and the degree to which he sought their practical accommodation. Since these settings did not change in any significant manner when

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48 Keith Scott, *Gareth Evans*, pp.240-1; Gareth Evans, *Australia in the South Pacific*, p.348.

49 Gareth Evans, *Interview conducted by the author*, Melbourne, 13 August 2007.

50 Greg Fry, 'Australia's South Pacific Policy'; Greg Fry, 'Constructive Commitment' with the South Pacific', pp.120-137.

51 Greg Fry, 'Australia's South Pacific Policy', p.18.

Evans took office, their effect on constraining foreign policy was marked by continuity. However, Evans articulated an approach that acknowledged those constraints and sought to accommodate them in a novel way. In concrete terms, he affirmed Australia's overwhelming regional power while seeking to ensure that it would be used in a principled manner that respected Pacific islands' sovereignty. Constructive commitment therefore did mark a significant departure from previous approaches, even if it fell short of Fry's stronger benchmarks.

Some analyses of the period relate the introduction of constructive commitment to 'Whitehall pluralism',<sup>52</sup> or rivalry between DFAT and DoD. Political economist Stuart Rosewarne argued that constructive commitment resulted from the gaining of influence by DFAT relative to the DoD.<sup>53</sup> Keith Scott's biography of Gareth Evans paints a more nuanced picture, in which Evans had a greater affinity with Defence Minister Beazley and took a greater interest in strategic policy than his predecessor, so that there was a rapprochement between the two departments and alignment of their positions.<sup>54</sup> These arguments are supported by the ending of the Cold War and consequent decline in geostrategic tension, by recent events in the Pacific islands attracting the attention of DFAT, and by Evans' personal qualities. Nonetheless, it was Foreign Minister Evans who played the critical role in this shift rather than a change in the relative influence of the two departments. Moreover, their alignment would be greatly tested as events in Bougainville challenged Evans to apply the doctrine consistently in practice.

### ***Constructive commitment in practice***

Evans' visit to the Pacific islands and announcement of the doctrine of constructive commitment promised a changed Australian approach to the Pacific islands. However, it remained to be determined how that approach would be applied in practice. The political situation in Fiji, where the interim government installed by the military following the 1987 coups remained in power, had been central to the formulation of

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52 The term is attributed to G. K. Wilson, *Special Interest and Policy-Making: Agricultural Policies and Politics in Britain and the United States of America 1956-70*, London, John Wiley, 1977.

53 Stuart Rosewarne, 'Australia's Changing Role in the South Pacific', pp.94-95.

54 Keith Scott, *Gareth Evans*, pp.244-47.

constructive commitment and served as a test case for its practical implementation. However, it was the eruption of simmering tension in Bougainville into violent conflict that would expose the inherent tensions within the doctrine and lead to the dilution of Evans' principles by defence concerns.

### **A trial run: the political situation in Fiji**

The first challenge related to the Pacific islands that Evans had to deal with was deciding how to handle relations with the Fiji interim government. Since the coups of the previous year, Australia's approach to Fiji had evolved considerably in the direction of accommodation of the post-coup situation. Evans thus found himself constrained in his scope for action by choices that preceded his appointment. He nonetheless sought to implement policies that reflected the ideas he had articulated as the doctrine of constructive commitment.

Since the first coup of May 1987, Australian officials had greatly refined the range of responses that they were prepared to consider. Cabinet had initially considered military intervention in support of a counter-coup, to be led by a rival faction of the Royal Fiji Military Force (RFMF) supported by Fijian soldiers brought back for the purpose from UN missions in Lebanon and Sinai.<sup>55</sup> Dismissing this option after it became obvious that the coup had significant backing within Fiji, the government sought to garner international support for its condemnation of the coup. These efforts also foundered after receiving little support from within the Pacific islands, the US or the Commonwealth beyond the measure of suspending Fiji's membership. Since then, the government had made significant steps in the direction of recognising the military-backed Fiji government.

By the time the interim government headed by Fiji's post-independence founding father Kamisese Mara was installed following the second coup, the Australian attitude to the Fiji government had shifted considerably toward acceptance and engagement. This approach was encouraged by the fact that the interim government, for all its lack of democratic legitimacy, adopted policies of which Australian officials largely approved, notably liberalisation of the Fiji economy and support for the US military

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<sup>55</sup> Mike Steketee, 'Why Canberra Accepts Rabuka's Regime as a Fact of Life', *SMH*, 19 May 1987, p.1.



presence in the region. For instance, Rodney Cole, at the time a research director at the National Centre for Development Studies (NCDS), stated in evidence to a parliamentary committee that ‘The coup has had a very salutary effect on the [Fiji] economy.’<sup>56</sup> Australian commercial interests in Fiji likewise found no reason to oppose the interim government and strongly supported continued Australian engagement.

Difficulty in reconciling the principle of opposing extra-constitutional changes of government with these pressures for continued engagement led to an eclectic mix of policies. It notably provoked the government to follow other major powers in adopting the diplomatic practice of recognising states rather than governments, allowing it to maintain relations with Fiji while, notionally, condemning its government.<sup>57</sup> As early as February 1988, foreign aid was resumed and a new Ambassador to Fiji was appointed.<sup>58</sup> On the other hand, Prime Minister Hawke took a firm position with the Fiji authorities by hastily cancelling the Fiji leg of Evans’ first Pacific trip when it became apparent that Evans would not be permitted to meet the overthrown former prime minister, Timoci Bavadra.<sup>59</sup> A later visit was subsequently arranged that included a meeting with Bavadra and other important actors, although on this occasion Rabuka declined to attend meetings with Evans.<sup>60</sup>

On becoming minister, Evans continued a multi-pronged approach that reflected his personal manner, combining conscientiousness with pragmatism. On matters of principle, he stood firm, for example, criticising Fiji in the UN General Assembly, refusing to embrace the draft of a new constitution and withholding full diplomatic relations until democracy was finally reinstated in June 1992. On practical issues, he was much more flexible, rewarding incremental changes in Fiji by unblocking aid

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56 Papua New Guinea Subcommittee Joint Committee on Foreign Affairs, Defence and Trade, *Official Hansard Report, Monday, 20 November*, Canberra, Commonwealth of Australia, 1989, p.62; See Andrew Elek, Hal Hill et al, ‘Liberalization and Diversification in a Small Island Economy: Fiji Since the 1987 Coups’, *World Development*, Vol.21, No.5, 1993, pp.749-69.

57 Helen O’Neil, ‘Way Open to Closer Fiji Links’, *SMH*, 20 January 1988, p.7.

58 Mike Steketee, ‘PM Caves in to Fiji’s New Rulers’, *SMH*, 14 August 1987, p.1; Fiji being suspended from the Commonwealth, the head of the Australian mission bore the title Ambassador rather than High Commissioner.

59 Mary-Louise O’Callaghan, ‘Evans’ Private Session With General Rabuka Cancelled’, *SMH*, 11 October 1988, p.13.

60 Mary-Louise O’Callaghan, ‘Snub For Evans as Fiji Leader Stays Away’, *SMH*, 12 October 1988, p.5.

programmes and meeting Rabuka along with other Fiji political leaders ahead of the 1992 election.

In his public pronouncements regarding constructive commitment, Evans drew attention to the importance of Fiji in Australian foreign relations and singled it out as a test case for the new doctrine.<sup>61</sup> He argued that cancelling his initially planned visit to Fiji was an appropriate response to his being forbidden to meet with Bavadra. It demonstrated that the engagement represented by his visit was not a 'code word for accommodation at any price', while the arrangement of a later visit on satisfactory terms proved the effectiveness of the Australian response.

Ultimately, the fact that the coups and their aftermath remained peaceful and that Fiji subsequently returned to democracy means that the Australian approach can, in retrospect, be judged to have been correct. Evans maintained a fine balance between recognising that the interim Fiji government enjoyed support in Fiji and other Pacific islands, as well as in the US and sections of the Australian policy community, and defending the principles of liberal democracy. Nonetheless, it is unclear how he would have responded had the situation in Fiji degenerated and more sorely tested the doctrine of constructive commitment.

### **A serious challenge: the Bougainville conflict**

On 15 May 1989, after two years of insurgency, the Bougainville Revolutionary Army (BRA) achieved its key objective of definitively closing the Panguna mine. The PNG government, financially dependent on the mine, unleashed a massive response to this act and began a civil war that would last eight years and cost somewhere between 10,000 and 20,000 lives.<sup>62</sup> For Australian foreign policy-makers, this conflict created a complex set of problems. There were clear Australian strategic and commercial interests in a decisive victory for the PNG government. The Australian Defence Force (ADF) was already implicated in the conflict through its Defence Cooperation Programme (DCP) with the PNGDF. Moreover, the doctrine of constructive

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61 Gareth Evans, *Australia in the South Pacific*, p.350; Gareth Evans, *Australia's Place in the World*, pp.5-6.

62 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Bougainville: The Peace Process and Beyond*, Canberra, Parliament of the Commonwealth of Australia, 1999, p.6.

commitment specified that Australian policies would respect the sovereignty of its Pacific island neighbours. On the other hand, it quickly became apparent that the PNGDF was committing acts that the Australian government could not condone, violating human rights and subjecting the Bougainville population to collective punishment, and that the ADF's involvement made Australia complicit in these acts. Activists in Australia used this involvement to attempt to shame the government into withdrawing its backing of the PNG government and supporting independence for Bougainville.

### The Panguna mine and Bougainville: background to the conflict

Bougainville, Buka and a number of smaller islands lie at the Western end of the Solomon islands group. Owing to an 1886 arrangement between Germany and the UK, they became part of German New Guinea and later formed the North Solomon province of PNG. People from these islands often consider themselves to be distinct from people from other parts of PNG for a variety of reasons, including their visibly 'black', as opposed to others' 'red' skin.

Bougainville contains some of the world's largest deposits of copper. The enormous open-cut mine at Panguna was opened in 1972 while Bougainville was governed by Australia as part of the UN trust territory of Papua and New Guinea. Local people had opposed the project since exploration began in 1965, though their protests were often met with rifles, batons and tear gas. During this time, they attempted to negotiate with the owner, Bougainville Copper Limited (BCL), but it was not until they marched on its administration block and erected roadblocks in 1980 that the company agreed to meet with them.<sup>63</sup> However, this did not mean the end of the dispute.

In 1988, landowners began actively sabotaging the mine by planting explosives at power lines leading to its entrance. On several occasions, they caused a temporary closure and in May 1989, succeeded in shutting it down permanently. The PNG government responded by sending in police and military troops to quell the rebellion.

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<sup>63</sup> Henry Okole, 'The Politics of the Panguna Landowners Association', in Ron J. May & Matthew Spriggs (eds), *The Bougainville Crisis*, Bathurst, Crawford House Press, 1990, p.17.

Over the following year, the PNGDF pursued a range of tactics against the BRA, including maintaining a state of emergency, offering rewards for the capture of senior leaders, conducting offensive military operations and blockading Bougainville. In addition to closing down the mine, the BRA attacked and killed PNGDF personnel, destroyed infrastructure and declared Bougainville independent. The economic blockade of Bougainville by the PNG government, which remained in place until 1994, had a severe impact on the population, notably through preventing the delivery of medical supplies. As the dispute broadened into a secessionist war, neither side was able to achieve a decisive victory and, despite repeated ceasefire declarations, the conflict continued.

#### Defence cooperation and the PNG-Australia relationship

Australian officials considered the Bougainville conflict an internal PNG problem, and were consequently guided in their response by Australia's relationship with PNG. A key guide to the state of this relationship can be found in the 1987 Joint Declaration of Principles Guiding Relations between Australia and PNG (JDP).<sup>64</sup> It was widely understood that the agreement represented an effort on the part of the Australian government to make amends for the lack of consultation over earlier changes to the aid programme.<sup>65</sup> Central to the JDP was the principle of non-interference in the internal affairs of the other country. Respect for this principle dictated that Australia refrain from criticism of the PNG government over its actions in Bougainville.

Defence features strongly in the JDP, notably in an agreement by each party to consult with the other in the event of an 'external armed attack threatening the national sovereignty of either country.'<sup>66</sup> Though falling short of an explicit Australian commitment to defend PNG, this provision was nonetheless widely interpreted as implying that Australia would do so.<sup>67</sup> Moreover, as assistant minister, Evans had

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64 *Joint Declaration of Principles Guiding Relations Between Papua New Guinea and Australia*, <[http://www.dfat.gov.au/geo/png/jdpgr\\_aust\\_png.html](http://www.dfat.gov.au/geo/png/jdpgr_aust_png.html)> (accessed on 27 April 2012).

65 Eve Tod, *Canberra and Port Moresby: Crisis Management in Papua New Guinea 1987-1991*, PhD Thesis, University of Sydney, 1992, p.38.

66 Alan Thompson, *Papua New Guinea: Issues for Australian Security Planners*, Canberra, Australian Defence Studies Centre, 1994, p.185.

67 Graeme Dobell, 'The South Pacific', p.22; Dorke De Gedare, *Australia-Papua New Guinea Relations, 1980-1990*, p.79;

given his personal support to this commitment, backing Defence Minister Beazley against Foreign Minister Hayden over the importance of including a joint commitment covering security issues.<sup>68</sup> Although the JDP did not refer explicitly to secessionist movements, it clearly implied that Australia would support the PNG government in Bougainville.

The government's strategy of strengthening its relationship with the PNG government therefore implied that it should support the PNG government in its struggle against the Bougainville secessionists. Furthermore, such a display of solidarity and trust accorded well with the principles underlying the doctrine of constructive commitment.

#### Security, commercial and humanitarian implications of the conflict

The Bougainville conflict had four distinct consequences for Australia, each with its own policy implications and their advocates. The most immediate and powerful were the security consequences of a secessionist movement in a neighbouring country. Defence analysts argued that were Bougainville to become independent, it could have a 'demonstration effect'<sup>69</sup> on other islands or regions in PNG or Indonesia and that fragmentation of those states would inevitably create instability in the region to Australia's immediate North. Such a situation would place greater demands on Australian foreign policy, potentially necessitating humanitarian intervention, and be exploited by forces hostile to Australia. The policy implication of the concerns for Australian security provoked by the conflict was therefore that Australia should support the integrity of PNG by providing assistance to the PNG government and security forces. Strong support for this position could be found within the government, most notably from Defence Minister Beazley.<sup>70</sup>

A second, related, manner in which the Bougainville conflict created pressure on Australian policy was through its implications for the safety of Australian nationals. Several thousand Australians, most of them mine employees, lived in Bougainville. A

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68 Helen O'Neil, 'Evans Backs Aust-PNG Defence Co-operative', *SMH*, 11 August 1988, p.7.

69 Alexander Downer, *The Bougainville Crisis: An Australian Perspective*, Canberra, Department of Foreign Affairs and Trade, 2001, p.8.

70 David Jenkins, 'How Bomber Beazley Blitzed Bill Hayden', *SMH*, 24 June 1989, p.75.

number of them had been harassed, threatened, injured or killed, because of either their association with the mine or perceived support for the secessionists. Ensuring the safety of Australian nationals required ongoing monitoring of their situation and preparedness for an eventual evacuation.

Substantial Australian commercial interests were aligned with those of the PNG government in having the Panguna mine reopened. The mine was owned by BCL, in turn 54 percent owned by an Australian company, Conzinc Riotinto of Australia (CRA), which in 1995 merged with Rio Tinto-Zinc (RTZ) to become simply Rio Tinto. At the time of the mine's closure, Australian investment, once described as the 'jewel in the crown' of RTZ,<sup>71</sup> was worth \$462m.<sup>72</sup> For the PNG government, which owned around 19 percent of the mine, the stakes were still higher.<sup>73</sup> Over the period of its operation, the mine generated 44 percent of PNG's export earnings and 17 percent of its government revenue. Australian mining concerns thus had a strong financial incentive to support the PNG government in its efforts to defeat the BRA and reopen the mine. These interests made reopening the mine foremost among the objectives of defence planners as they contemplated the range of possible responses.<sup>74</sup>

Finally, the humanitarian dimension of the Bougainville conflict had a number of implications for Australian policy. NGOs and human rights and environmental activists, long troubled by the Panguna mine, were outraged by the actions of the PNG government and military.<sup>75</sup> The Australian government, in its proclaimed role as a defender of human rights and sound environmental standards, could not easily ignore allegations of such flagrant violations of these standards. However, advocates of a strong Australian defence stance countered that allegations by Australian NGOs of

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71 Diane Hooper, *The Rio Tinto Zinc Corporation: A Case Study of a Multinational Corporation*, Oslo, PRIO, 1977, cited in Roger Moody, *Plunder!*, London, Christchurch, PARTIZANS, CAFCA, 1991, p.62.

72 Calculated on the basis of 53.6 percent of the A\$862m total reported value of the mine. 'Bougainville Vows Return to a New-look Panguna', *The Age*, 19 August 1994, p.23.

73 *CRA Annual Report*, Port Moresby, CRA, <[http://www.bougainville-copper.eu/mediapool/59/599247/data/Annual\\_Reports/BCL-AnnualReport1990.PDF](http://www.bougainville-copper.eu/mediapool/59/599247/data/Annual_Reports/BCL-AnnualReport1990.PDF)> (accessed on 6 May 2012), 1990, p.1;

74 Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008.

75 See, for example, Rosemarie Gillespie, *Ecocide: The Case of Bougainville – Industrial Chemical Contamination and the Corporate Profit Imperative*, Lyneham, ACT, Me'ekamui Publications, 1999; Roger Moody, *Plunder!*; Moses Havini & Rikha Havini, *Bougainville: The Long Struggle for Freedom*, Surry Hills, N.S.W., New Age Publishers, 1999.

human rights abuses should not be accepted uncritically.<sup>76</sup> The partisan support by some activists for the BRA, seen by the government as a revolutionary secessionist movement without legitimacy, undermined their credibility.<sup>77</sup> It was clear that the BRA was also responsible for atrocities and that it represented principally the communities affected by the Panguna mine rather than the general population of Bougainville.<sup>78</sup> Thus, the clear human rights violations committed by the PNG government and military and by the BRA and the environmental destruction caused by the Panguna mine proved to be less than compelling influences on Australian policy.

#### Little other option: Australian responses

For the Australian government, the problems posed by the escalating conflict on Bougainville came to a head in the first half of 1989, when the PNG government requested Australian military assistance. Cabinet initially considered deploying the ADF with the goal of defeating the BRA and allowing the Panguna mine to reopen.<sup>79</sup> However, they quickly judged that the situation did not reach the threshold for intervention, that the ADF was incapable of defeating the BRA or maintaining security around the mine infrastructure sufficient to keep the mine open, and that the risk of Australian casualties was too high. Central to this decision and to subsequent actions was the imperative to protect the safety of Australian nationals. Thus, for example, the High Commission in Port Moresby sent a senior official to Bougainville to ensure the safety of an Australian who had been bashed by PNG security forces that alleged he had helped the secessionists.<sup>80</sup>

In a pivotal moment for Australia's response to the conflict, on 5 July 1989 the PNG government requested that Australia expedite the supply of helicopters promised the

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76 For example, Australia Defence Association, *Evidence*, 26 September 1990, p.392, cited in Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With Papua New Guinea*, p.195.

77 Gareth Evans, *Interview conducted by the author*, Melbourne, 13 August 2007.

78 Stewart Firth, 'Problems in Australian Foreign Policy, July 1991-June 1992', *Australian Journal of Politics and History*, Vol.39, No.1, 1993, p.8.

79 Keith Scott, *Gareth Evans*, pp.242-43; Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008.

80 'Diplomat Sent From Airport in PNG Row', *SMH*, 20 June 1989, p.5.

previous year.<sup>81</sup> This request presented the Australian government with a particular dilemma. On the one hand, granting it could have serious negative consequences for the safety of Australians living in Bougainville and for Australian engagement more widely. On the other hand, Australia had strategic interests in PNG's cohesion, and stood to lose influence if PNG acquired arms from another source.<sup>82</sup> Evans summarised the government's position in a television interview the following year, stating:

'We've got very little other option than to respond to specific requests that are made of us by a properly constituted government seeking to enforce constitutional processes, confronted ... by a very violent insurgency situation.'<sup>83</sup>

The question of whether to grant the request thus resolved, the debate turned to the conditions that would be attached to the use of the helicopters. On Evans' insistence, their use was formally restricted to transportation, reconnaissance and ambulance purposes.<sup>84</sup> The transfer of the helicopters thus proceeded, with legislative approval for Australian and New Zealand civilians to be employed by the PNGDF to pilot the helicopters.<sup>85</sup> Their provision was complemented by the supply of arms, ammunition and an additional \$12m to the PNGDF in support of its struggle against the Bougainville secessionists.<sup>86</sup>

Unfortunately for Evans and the Australian government, the PNGDF proceeded to use the Australian helicopters as gunships to strafe villages, culminating in the notorious 'Valentine's Day massacre,' after which they were used to dump the bodies at sea. Evans defended the PNG government against early suggestions that it had violated the helicopters' terms of provision with a rather tortured argument over the precise

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81 Colin Brown, 'Problems in Australian Foreign Policy, July-December, 1989', *Australian Journal of Politics and History*, Vol.36, No.2, 1990, pp.145-46.

82 Niki Raath, *Moral Support? Australia's Response to Papua New Guinea's Internal Security Problems*, Canberra, Department of the Parliamentary Library, Commonwealth of Australia, 1991, p.15.

83 Gareth Evans, transcript of interview on Special Broadcasting Service (SBS), *Face the Press*, 15 March 1990, p.5, cited in Greg Fry, 'Australia's South Pacific Policy', p.23.

84 Niki Raath, *Moral Support?*, p.16.

85 Eve Tod, *Canberra and Port Moresby*, p.21; *Australian Government Gazette*, 24 July 1989, cited in Rosemarie Gillespie, *Ecocide*, p.24.

86 Michael Millett & Marie-Louise O'Callaghan, 'Aust Sends Arms to Fight Rebels', *SMH*, 30 January 1990, p.3.



definition of the term ‘gunship’<sup>87</sup> and later as a legitimate response by the PNGDF to an attack by militants.<sup>88</sup> However, after the massacre and dumping of bodies, Australian officials publicly acknowledged that PNGDF had committed atrocities.<sup>89</sup> Nonetheless Defence Minister Beazley continued to support the PNG government, insisting that there was no evidence of human rights violations, even as Evans and Hawke called on the PNG government to respond appropriately to them.<sup>90</sup>

What can we do? The conflict drags on

From 1990, as the government took stock of the implications of the violent conflict in Bougainville and the range of possible Australian responses, marked changes became apparent in its stance toward PNG. The underlying liberal institutionalist principles were challenged within Cabinet and the bureaucracy by the strategic analysis associated with the DoD and Defence Ministers Beazley and Robert Ray, which declared Australia’s vital strategic interest in the continued unity of the PNG state to be a compelling driver of Australian policy. Evans acknowledged this fact in a press conference in January 1990, when he declared in a widely repeated turn of phrase, ‘From a purely self-interested Australian regional security strategic perspective ... the fragmentation of PNG is something that we see as being a very unhealthy development ... and one that we would like to see avoided at all costs.’<sup>91</sup>

A practical consequence of this shift to a defence-led approach was that the government began to distance itself from criticism of the PNG government over its actions in Bougainville. In Parliament, Prime Minister Hawke argued in May 1990 that what the PNG government did with the equipment that Australia provided to it was its business.<sup>92</sup> Within DFAT, it was understood that the Australian government

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87 Glenn Milne & Jane Hammond, ‘Evans Denies PNG Gunships Claim’, *Australian*, 14 August 1989, p.1.

88 Mary-Louise O’Callaghan, ‘Rebels Killed in PNG Attack’, *SMH*, 9 February 1990, p.1; Paul Grigson, ‘Australian Helicopters Involved in PNG Killings’, *SMH*, 10 February 1990, p.3; Paul Grigson & Marie-Louise O’Callaghan, ‘Copters’ Attack on Rebels within Rules, Says Evans’, *SMH*, 13 February 1990, p.7.

89 Peter Hastings, ‘St Valentine Massacre on Bougainville’, *SMH*, 8 March 1990, p.1; Mary-Louise O’Callaghan & Greg Austin, ‘Aust Copters Used in PNG Massacre’, *SMH*, 24 June 1991, p.1.

90 Peter Hastings, ‘Jungle Justice’, *SMH*, 10 March 1990, p.74; ‘PM Calls PNG Over Killings’, *SMH*, 9 March 1990, p.5.

91 Mark Metherell, ‘A Twist in the Tale of Two Nations’, *The Age*, 30 January 1990, p.1.

had little control once it had handed materiel to the PNGDF.<sup>93</sup> The following year, Ray formally recognised this fact when he announced that military aid would henceforth be given unconditionally to PNG.<sup>94</sup> The shift in posture was reflected in a renegotiated defence relationship between the two countries. The *Agreed Statement on Security Cooperation between Australia and PNG*, signed in September 1991, abandoned the no longer tenable idea of a relationship between equals in favour of granting Australia a role in dealing with PNG's internal security issues.<sup>95</sup>

In shifting toward unconditional support for the PNG government against the BRA, the government tacitly acknowledged that there existed a genuine conflict in Bougainville. Responding to this conflict, it began to attempt to mitigate the hardship faced by Bougainvilleans and to facilitate a negotiated settlement between the belligerents. For instance, Evans sought to arrange for medical supplies to reach Bougainville despite the blockade.<sup>96</sup> In 1990 and 1991, Australia supported a series of peace negotiations on the New Zealand ship *Endeavour* and in the Solomon Islands capital, Honiara. These initiatives proved largely ineffectual as the PNG government thwarted the dispatch of medical supplies<sup>97</sup> and no peace agreement held for more than a few weeks.

Over these years, the situation in Bougainville lapsed into a stalemate characterised by low-level conflict with no prospect of resolution. Although Australia continued its official support for the PNG government and for attempts to facilitate a peace process, there was little enthusiasm or optimism about the outcome. As Evans turned his attention to other pressing problems, most notably in Cambodia, the momentum that his close attention had provided disappeared. The Pacific islands came once again to

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92 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 9 May 1990, p.114.

93 Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With Papua New Guinea*, p.195.

94 'Australian Military Aid to Have No Conditions Attached', *BBC Monitoring Service: Asia-Pacific*, 4 May 1991.

95 'Agreed Statement on Security Cooperation between Australia & PNG', in Alan Thompson, *Papua New Guinea*, pp.209-211.

96 Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With Papua New Guinea*, p.192.

97 Mike Seccombe, 'PNG Government Blocks Medical Aid for Bougainville', *SMH*, 3 January 1991, p.3.

be perceived as a region plagued by internal troubles to which Australian policy could make little difference.<sup>98</sup>

### Explaining Australian responses to the Bougainville conflict

The Bougainville conflict and Australia's responses to it brought to light the tension between the principle of respect for PNG sovereignty and that of commitment to humanitarian norms. This tension was made more acute by the fact that Australia's aid programme and especially the DCP gave it leverage in PNG that it lacked in other countries whose governments condoned extra-judicial killings. The fact that Evans was convinced by the arguments of security analysts that the integrity of the PNG state was so vital to Australia's strategic interests that it took priority over human rights violations demonstrates the power of ideas of Australian vulnerability to regional security threats.

The resolution of the tension in favour of Australian strategic interests also demonstrated how opposing interests can undermine the new policy direction launched by the foreign minister. In this case, despite Evans' efforts in support of humanitarian objectives, it was Australian strategic concerns represented within government by Defence Ministers Beazley and Ray that proved the deciding influence on Australian policy. The outbreak of violent conflict on Bougainville thus interrupted the renewed engagement launched under the banner of 'constructive commitment', which was reduced to lacklustre efforts to mitigate the suffering of the Bougainville population and to support a peaceful resolution to the conflict.

### Analysis and conclusions

The period of constructive commitment defined by Gareth Evans' tenure as foreign minister provides the first illustration of a cycle of Australian engagement with the Pacific islands. Evans' appointment coincided with a period of stagnation of Australian policy and the widespread perception in Australia of a mounting crisis in the Pacific islands. On taking office he took charge of redefining Australia's

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<sup>98</sup> Matthew Spriggs, 'Bougainville Update: August 1990 to May 1991', in Matthew Spriggs & Donald Denoon (eds.), *The Bougainville Crisis: 1990 Update*, Bathurst, Crawford House Press, 1992, pp.8-27.

engagement with the Pacific islands according to his doctrine of constructive commitment. Over the next three years, this doctrine faced two significant challenges in the post-coup political situation in Fiji and the eruption of violent conflict in Bougainville. In the former case, Evans led a flexible approach that proved successful, which, he argued, demonstrated the effectiveness of constructive commitment. The Bougainville conflict caused more serious challenges to emerge as the failure of the PNG government to respect international norms of behaviour exposed tensions within the doctrine. Familiar ideas about Australian regional security, advanced within the defence bureaucracy and by ministers, trumped Evans' liberal institutionalism. Meanwhile, Evans turned his attention to other problems, signalling a return to the familiar pattern of policy stagnation.

On this iteration of the engagement cycle it was Evans himself who played the role of policy entrepreneur, profiting from the broad scope for action available to the foreign minister to define Australian engagement according to his own ideas. In this process, Evans applied his liberal institutionalist philosophy in a characteristically practical manner that remained compatible with the international and regional contexts and Australian interests in the Pacific islands. In addition, distinct sources of pressure in favour of renewed engagement could be found in the souring of relations with the PNG government prior to Evans' appointment, and in providing Evans with a principled response to what he saw as unreasonable and unjustified calls from domestic activists to support independence for Bougainville.

This interpretation contradicts the Marxist analysis of political economist Stuart Rosewarne, which asserts that Australian diplomatic and defence policies were driven primarily if not exclusively by economic concerns.<sup>99</sup> Australian activist Rosemarie Gillespie, a supporter of the Bougainville secessionist movement, made a similar claim with respect to Australian support for the PNG government against the BRA.<sup>100</sup> The research conducted for this thesis indicates that these claims are greatly overstated. Evans certainly understood economic returns to be among the benefits that constructive commitment would deliver. However, they were central neither to the

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<sup>99</sup> Stuart Rosewarne, 'Australia's Changing Role in the South Pacific', p.95.

<sup>100</sup> For example, Rosemarie Gillespie, *Ecocide*, p.24.

doctrine nor to Australia's responses to the Bougainville conflict. Indeed, the fact that, at the time of writing in 2012, the mine has never re-opened militates against such a conclusion. More generally, the place of financial concerns among the range of influences on Australian policy in the Pacific islands would become more prominent in the following years, which form the subject of the next chapter.

## **4 – Economic reform and resource management: 1993-1996**

### ***Introduction***

By 1993, it had been some years since Foreign Minister Evans had ceased giving the Pacific islands the close attention that had marked his first year in office. Without this attention, there was no effective source of stimulus, and Australian engagement had settled into the familiar pattern of low expectations and little innovation. At this time, a group of economists at the NCDS was working on a novel analysis based on market economics that had clear policy implications. The ascendancy in Australia of 'economic rationalism' and the global trend toward economic integration created a favourable environment for their ideas and prescriptions. Domestically, a ministerial reshuffle established the Ministry for Development Assistance and Pacific Island Affairs and a new minister, Gordon Bilney. Bilney's appointment offered the opportunity for advocates of the economic reform in the Pacific islands to press their case.

Bilney, already receptive to the logic of neo-liberal economics, became particularly concerned by the evidence he saw of environmental mismanagement in PNG and Solomon Islands. He married economic liberalisation with ideas of sound resource management to produce a set of policy reforms that he would seek to have Pacific island governments adopt. In order to ensure their acceptance by sometimes reluctant Pacific island governments, he made progress toward them a condition of receiving Australian aid.

By the measure of the policy reforms that were adopted, Bilney's efforts were moderately successful and marked the start of an enduring shift toward closer involvement with the domestic policies of the Pacific islands and greater willingness to influence those policies. However, the clarity of Bilney's stance was diminished by the ongoing conflict in Bougainville and the commercialisation of the Australian aid programme. Nonetheless, Bilney's persistence and his position as a dedicated minister mitigated the seemingly inevitable decline of domestic interest in the Pacific islands so that Australian engagement did not stagnate as much as on other occasions.

The period of Bilney's tenure as junior minister represents a second iteration of the engagement cycle. The economists at the NCDS played the role of policy entrepreneurs in advancing a neo-liberal economic discourse and reform agenda. In typical fashion, Bilney committed himself to the policies of economic reform and encountered little resistance. Indeed, the renewed engagement that he initiated suffered little stagnation during this period, despite the effects of the ongoing conflict on Bougainville. This feature can be attributed to Bilney's dedicated position, the widespread support in Australia for economic rationalism, and the atypically strong institutionalisation of its prescriptions.

This chapter begins by setting the international and regional scenes resulting from the end of the Cold War and epitomised in the conclusion of the Uruguay Round of multilateral trade liberalisation. It describes the background to the creation of the new ministry and Bilney's appointment. It recounts the rise to prominence of a new group of actors at the NCDS and the manner in which they influenced policy objectives and the tactics for achieving them. It evaluates the effectiveness of Bilney's policy agenda and approach to its implementation in the face of challenges from the Pacific islands and competing domestic imperatives. The chapter concludes by discussing the relationship between this period and the characteristic features of the engagement cycle, and in particular whether having a dedicated minister was crucial to the enduring economic reform agenda that was initiated.

### ***International context: changed security agenda and economic integration***

The international setting in 1993 represented a consolidation and intensification of trends triggered by the ending of the Cold War. In the absence of strategic tension between the two super-powers there arose a concomitant reduction in the strategic interest in the Pacific islands for players, including the US, UK and USSR. With the collapse of the Soviet bloc, Soviet engagement ended abruptly while Western donors withdrew more gradually as they faced new demands to provide aid to the formerly Soviet-aligned states of central and Eastern Europe. This saw the closure of the Soviet Embassy in PNG in 1992, the US embassy in Solomon Islands in 1993, and the end of

bilateral aid to the Pacific islands by the US in 1995 and the UK in 1997.<sup>1</sup> The 'fatal impact' of the arrival of Europeans in the Pacific islands was thus replaced 200 years later by their 'fatal farewell'.<sup>2</sup>

Over the preceding years, the Asian 'tigers' and 'tiger cubs' had experienced spectacular economic growth while pursuing export-led economic development. A number of them, notably Malaysia, Taiwan and (South) Korea, had joined Japan in playing a greater role in the Pacific islands region, providing development assistance and establishing diplomatic links and commercial activities. The phenomenon of Pacific islands' thereby 'internationalising' their external links to include these new partners was interpreted by Australian policy-makers as largely benign.<sup>3</sup> Nonetheless, it meant that Australia's role as regional leader was complicated by having to consider a wider range of actors. Moreover, the presence of states comparable to, if not greater than Australia in power made Australia's continued status as regional leader less certain.

In contrast to their distant allies, Australia and New Zealand were precluded from disengagement by their geographic proximity and historical connections to the Pacific islands. From the perspective of Australian strategic analysts, this left Australia with increased responsibility for maintaining regional security.<sup>4</sup> The imperative to assume this responsibility brought pressure on foreign policy-makers to maintain and strengthen Australian engagement with the Pacific islands. This pressure was, however, mitigated by the fact that external threats to security in the Pacific islands were considered unlikely. Significantly, policy-makers began to identify a novel

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1 'Russia's "First and Last" Ambassador to PNG Returns to Moscow', *BBC Summary of World Broadcasts*, 27 August 1992; Warren Strobel, 'Christopher Eyes Closing Down 20 Foreign Missions', *The Washington Times*, 5 February 1993, p.A9; 'Closure of Fiji Office Sees End of Last Vestige of Direct US Aid for Pacific', *BBC Summary of World Broadcasts*, 2 November 1995; Richard A. Herr, 'The Pacific Islands Region in the Post-Cold War Order: Some Thoughts From a Decade Later', *Revue Juridique Polynésienne*, Vol.2 (Special Series), 2002, p.51.

2 Greg Fry, 'Climbing Back Onto the Map? The South Pacific Forum and the New Development Orthodoxy', *Journal of Pacific History*, Vol.29, No.3, 1994, p.64.

3 Stephen Henningham, *No Easy Answers*, p.20.

4 Paul Dibb, *The Regional Security Outlook: An Australian Viewpoint*, Canberra, Strategic and Defence Studies Centre, Australian National University, 1992, p.9; Stephen Henningham & Stewart Woodman, 'An Achilles Heel? Australian and New Zealand Capabilities for Pacific Island Contingencies', *Pacific Review*, Vol.6, No.2, 1993, p.138.



threat to Pacific island security in chronic or acute internal problems.<sup>5</sup> Analysts invoked a 'new security' agenda, in which threats were more likely to be caused by internal social, political or economic tensions than by traditional military threats.<sup>6</sup> The DoD 1993 strategic review acknowledged these shifts, and recommended that in response, Australian defence cooperation be used in the service of national development in the Pacific islands.<sup>7</sup>

The collapse of the Soviet bloc signified more than a military victory for the US and its allies. With it, the alternative to liberal democracy that communism had once been seen to offer was definitively ended. Governments around the world embraced the possibilities, or at least sought to adapt to the conditions of global economic integration. Diminished geostrategic tension further increased the prominence of economic considerations in the conduct of foreign policy. A key point in this process was the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994 after almost eight years of negotiations.<sup>8</sup> For Australia's relationship with the Pacific islands, of which only Fiji, PNG and Solomon Islands were GATT signatories, the details of this achievement were less significant than its contribution to the shift toward trade liberalisation as a core policy objective. Over the ensuing years, the promotion of trade liberalisation would become a central, and largely unquestioned, goal of Australian development assistance.

The international context in 1994 thus saw a new set of players arranged in a geostrategic formation that was less tense than previously. The certainty of Cold War policies was replaced by a less predictable, if less obviously menacing, environment. Threats to Pacific island security were no longer identified in external aggression but in internal tensions. Meanwhile, global economic integration under the impetus of multilateral trade liberalisation proceeded apace.

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5 Stephen Henningham & Stewart Woodman, 'An Archilles Heel?', pp.137-8; Ross Babbage, 'Australia', in Fedor A. Mediansky (ed.), *Strategic Cooperation and Competition in the Pacific Islands*, Sydney, Centre for South Pacific Studies, University of New South Wales, 1995, pp.196-199.

6 Stephen Henningham & Stewart Woodman, 'An Archilles Heel?', pp.128-131; John Henderson, 'New Security in Oceania', in Peter Cozens (ed.), *Engaging Oceania with Pacific Asia*, Wellington, Centre for Strategic Studies, Victoria University of Wellington, New Zealand, 2004, pp.31-41.

7 Department of Defence, *Strategic Review 1993*, Canberra, Commonwealth of Australia, 1993, p.29.

8 World Trade Organization, *The Uruguay Round*, <[http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact5\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm)> (accessed on 1 February 2010).

***Regional context: economic uncertainty***

For Australian policy-makers, the defining feature of the Pacific islands region in 1993 was the state of their economies. Since the 1970s, economic growth had been weak at best, especially when compared with the dramatic growth in Asia over the same period. They had failed to capitalise on the access to the Australian and New Zealand markets provided by the non-reciprocal SPARTECA and PACTRA trade agreements since the 1980s. Now they risked being further left behind as the world moved toward global economic integration. While the reasons for their weak economic performance were the subject of some debate among economists, it was the neo-liberal arguments blaming poor economic policies that proved most convincing to Australian officials.

Though the Australian economy had emerged from recession by 1993, the Pacific island economies remained locked in a pattern of weak growth.<sup>9</sup> Their poor economic performance, even in countries favourably endowed with natural resources and despite consistently high levels of development assistance, became known as the 'Pacific paradox'.<sup>10</sup> This bleak assessment was in many cases mitigated by the low levels of material deprivation due to remittances, aid and the subsistence sector.<sup>11</sup> Nonetheless, most economists doubted the durability of these sources of income and concluded that an economic crisis was inevitable, if not imminent.

The end of the Cold War brought a decline in the volume of foreign aid to the Pacific islands. Under the policy of 'strategic denial', they had received levels of aid that were high by international standards and given with the explicit purpose of securing their allegiance. Pacific island governments had been able to obtain increases in Western aid by considering, or giving the appearance of considering, closer relations with the USSR or, briefly, Libya. With the end of the Cold War, the logic of strategic

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9 See, for example, John Fallon, Roman Grynberg et al, *Private Sector Development in Pacific Island Countries*, Canberra, Swan Consultants Pty Ltd, 1994; pp.13-19; World Bank, *Towards Higher Growth in the Pacific Island Economies: Lessons From the 1980s*, Washington DC, The World Bank, 1993;

10 World Bank, *Pacific Island Economies: Towards Efficient and Sustainable Growth.*, Washington DC, The World Bank, 1993, cited in Richard A. Herr, 'The Pacific Islands Region in the Post-Cold War Order', pp.51-52.

11 I. G. Bertram & R. F. Watters, 'The MIRAB Economy in South Pacific Microstates', pp.497-512; Bernard Poirine, 'Should We Hate or Love MIRAB?', *Contemporary Pacific*, Vol.10, No.1, 1998, pp.65-74.

denial came to an end, and with it this option for obtaining further increases in aid. As described above, the distant powers actively reduced their engagement with the Pacific islands as they diverted their attention and resources to other priorities.

The second major global trend, global economic integration, also had perverse consequences for the Pacific islands. Rather than benefiting from global economic integration and liberalisation, they suffered from the erosion and removal of the non-reciprocal preferential trading agreements to which they were party. Such agreements constituted an important form of assistance by giving their exports preferential treatment in key markets without imposing reciprocal obligations.<sup>12</sup> As trade barriers were reduced generally, the degree of advantage conferred by the SPARTECA and PACTRA agreements with Australia and New Zealand and the Lomé Convention with the EU diminished correspondingly.

These consequences of global trade liberalisation were intensified by a number of formal agreements reached at the conclusion of the Uruguay Round of the GATT. The impact of these agreements derived from the obligations of donors, notably Australia, New Zealand and the EU, and hence was not limited to the three Pacific island countries that were GATT signatories. The first such obligation meant that the application of non-reciprocal trade agreements would depend on the repeated granting of temporary waivers, which effectively assured their eventual termination. A range of industries in the Pacific islands benefited from such agreements, including palm oil, coffee and copra in PNG, Solomon Islands and Vanuatu, and canned tuna in Fiji and Solomon Islands.<sup>13</sup> Each of these industries would suffer a loss of profitability and consequent reduction in scale as a result of the ending of the non-reciprocal PTAs.

The second Uruguay round obligation with serious consequences in the Pacific islands required the EU to terminate the Sugar Protocol of the Lomé Convention. Under the Sugar Protocol, sugar from Fiji exported to the EU was sold for up to three times higher than world market prices.<sup>14</sup> This arrangement depended not only on the

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12 Sheila Page, 'The Impact of Changes in Trade Policy on Developing Country Agriculture', *Journal of Agricultural Economics*, Vol.45, No.2, 1994, pp.171-6; Roman Grynberg, 'The Uruguay Round and the Pacific Island Countries', South Pacific Working Paper 96/3, Canberra, National Centre for Development Studies, ANU, 1996.

13 Roman Grynberg, 'The Uruguay Round and the Pacific Island Countries', pp.12, 17.

14 Roman Grynberg, 'The Uruguay Round and the Pacific Island Countries', pp.15-16.

granting of favourable conditions to ACP countries, but on the maintenance of an internal EU sugar market insulated from the world market. The Fiji sugar industry, which constituted over 10 percent of the Fiji economy and was central to the accommodation between land-owning indigenous Fijians and Indo-Fijian sugar farmers, depended entirely on this arrangement for its viability.<sup>15</sup> Despite the package of funding that the European Commission (EC) offered to help modernise those parts of the Fiji sugar industry that would be able to compete on the world market, the ending of the Sugar Protocol produced a serious economic and social shock in Fiji.

Third, a further agreement that had served the Fiji economy well for some years, the MFA, was scheduled for elimination under the Uruguay Round. Originally created as a measure to allow developed countries to adjust to imports of cheap textiles, clothing and footwear (TCF) products, the MFA was also used by certain developing countries to attract a garment manufacturing industry. Dependent on quotas established by the US under the MFA, Fiji had developed a garment industry that provided employment for some 8,000 almost entirely female workers and represented some six percent of the economy.<sup>16</sup> Though not highly paid, these jobs provided an important source of income and empowerment for women. Although Fiji's garment industry also benefited from access to Australia and New Zealand provided they met SPARTECA's somewhat convoluted rules of origin criteria, its viability depended on the MFA.<sup>17</sup>

The Pacific islands thus found themselves confronted with a more restrictive economic environment than any they had encountered since their independence. Not only were the generous Western foreign aid allocations drying up, but their privileged access to key markets was either being terminated or losing its value. The erratic economic development they had experienced since independence did not augur well for their evolution in this more difficult environment.

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15 Paresh Narayan & Biman Prasad, 'Fiji's Sugar, Tourism and Garment Industries: A Survey of Performance, Problems and Potentials', *Fijian Studies: A Journal of Contemporary Fiji*, Vol.1, No.1, 2003, pp.6, 20.

16 Paresh Narayan & Biman Prasad, 'Fiji's Sugar, Tourism and Garment Industries', pp.6, 14-15.

17 Roman Grynberg, *'Rules of Origin' Issues in Pacific Island Development*, Canberra, National Centre for Development Studies, 1998, pp.55-90.

***Domestic context: economic rationalism***

The dominant trend in Australian policy during this period was the increasingly pervasive influence of the brand of liberal, market-based economics that came to be known as 'economic rationalism'. Its rise to prominence within the Australian domestic policy environment is well documented.<sup>18</sup> Under its influence, the finance minister from 1984 to 1990, Peter Walsh, had been particularly concerned to contain what he saw as wasteful government expenditure.<sup>19</sup> Prime Minister Keating, also a strong promoter of economic liberalisation in his former role as treasurer, was supported by the Right faction of the ALP, which welcomed economic rationalism and whose members he subsequently rewarded with Cabinet posts. The key policy implication of economic rationalism, that policies be judged on the basis of their financial consequences, put pressure on agencies across government to generate returns to the Australian economy. This pressure was compounded by effects of the stock market crash of 'Black Monday', 19 October 1987, and the subsequent economic recession of the early 1990s that strained government finances.

For Australian policy toward the Pacific islands, the turn to economic rationalism had begun in 1984 with the Jackson Review. Its report recommended a wide range of changes that can be characterised as professionalising and rationalising Australia's foreign aid programme.<sup>20</sup> Australian development assistance came increasingly to be driven by financial concerns and to consider opportunity costs.<sup>21</sup> This shift resulted in demands that the AIDAB both reduce its expenditure and ensure a maximum return to the Australian economy. However, the changes thus far had been largely confined to the administration of the aid programme. For proponents of an economically rationalist approach to development assistance, a great deal remained to be done.

Political scientist Greg Fry's analysis of this period argues that the pervasiveness of the ideas of economic rationalism in many donor countries and the international

18 Michael Pusey, *Economic Rationalism in Canberra: A Nation Building State Changes its Mind*, Cambridge, Cambridge University Press, 1991; John Quiggin, 'Economic rationalism', *Crossings*, Vol.2, No.1, 1997, pp.3-12.

19 Peter Walsh, *Confessions of a Failed Finance Minister*, Sydney, Random House, 1995, pp.169-98.

20 Committee to Review the Australian Overseas Aid Program, *Report of the Committee to Review the Australian Overseas Aid Program*.

21 Frank G. Jarrett, *The Evolution of Australia's Aid Program*, Canberra, Australian Development Studies Network, 1994, p.7.

financial institutions accounts for its subsequent influence on Australian policy toward the Pacific islands.<sup>22</sup> In his assessment, the timing of its introduction can be explained by the decline in geostrategic tension generated by the ending of the Cold War, which left the way open for economics to come to the fore. However important these factors, Fry does not explain how they came to justify an unprecedented level of intervention into the domestic policies of the Pacific island states in the name of economic liberalisation. Indeed, this change appears to run directly counter to the doctrine of constructive commitment and its emphasis on respect for sovereignty. Explaining this anomaly requires a more detailed examination of the political and bureaucratic environment at the time.

### ***A new minister: Gordon Bilney***

Following the re-election of the ALP government on 13 March 1993, Prime Minister Keating conducted a significant reshuffle of his government, appointing six new members to Cabinet, including four from the back benches, and generally increasing the dominance of the ALP's Right faction.<sup>23</sup> The reshuffle established a new junior ministry with responsibility for Pacific island affairs and development assistance, reversing the government's earlier rejection of a 1989 parliamentary committee's recommendation that it create such a ministry.<sup>24</sup> This shift in position reflected Evans' realisation that the Pacific islands demanded a greater level of attention than he could devote while dealing with his other priorities.<sup>25</sup>

The choice of Gordon Bilney as the new minister reflected personal and political factors as well as Bilney's bureaucratic and parliamentary experience. Evans and Bilney had a long friendship dating from the 1960s.<sup>26</sup> Bilney had supported Keating in his leadership battle with his predecessor, Bob Hawke. Bilney came to the role with experience in PNG as a student union activist, in the Department of Foreign Affairs

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<sup>22</sup> Greg Fry, 'Australia and the South Pacific', p.294.

<sup>23</sup> Michael Millett, 'The New Keating Team Emerges', *SMH*, 25 March 1993, p.1.

<sup>24</sup> Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With the South Pacific*, p.Liii; Commonwealth Government, *The Response of the Government to the Report of the Joint Committee on Foreign Affairs, Defence and Trade on Australia's Relations with the South Pacific*, Canberra, Commonwealth Government, 1989, Recommendation 40, [No page numbers].

<sup>25</sup> Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.

<sup>26</sup> Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007; Gareth Evans, *Interview conducted by the author*, Melbourne, 15 March 2011.

(DFA) in the lead-up to PNG's independence in 1975, and as a diplomat. In particular, his experience in Jamaica informed his attitude to the Pacific islands by raising obvious comparisons, and in particular the question of why the Caribbean islands had been more economically successful than the Pacific islands. More recently, he had chaired the 1989 parliamentary inquiry into Australia's relations with the Pacific islands, which had recommended the creation of the new ministry.<sup>27</sup> His background in foreign affairs and diplomacy, with its emphasis on practical outcomes and personal approaches, contrasted with Evans' legal background and focus on questions of principle.

Bilney was gregarious, affable and patient, in contrast to the more direct and outcome-focused Evans. Bilney understood that patience and personal engagement were critical to success in work with Pacific island leaders.<sup>28</sup> Interviewees with backgrounds in Australian diplomacy spoke of his willingness to participate in social activities, including dancing and drinking kava, and his generally good rapport with Pacific islanders.<sup>29</sup> This ability to smooth personal relationships was important as he took a tough stance on a number of contentious issues that arose during his tenure. Bilney described his approach as one of 'keeping at' Pacific island leaders and 'being there' in front of them to hold them to what they had agreed.<sup>30</sup>

Bilney understood Australia's objective in the Pacific islands as helping them to become self-reliant.<sup>31</sup> He saw a lot of sense in economists' arguments identifying obstacles in features that impeded the operation of the market, notably customary land tenure. He distanced himself from the view that one should not seek to influence sovereign countries, which he associated with the romantic idea of the 'noble savage'. Bilney's appointment thus provided an opportunity for advocates of economic reform to advance their agenda in the Pacific islands.

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27 Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations With the South Pacific*.

28 Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.

29 Uncited interviewees with backgrounds in Australian diplomacy.

30 Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.

31 Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.

***A new analysis: Pacific 2010***

Economists at the NCDS seized the opportunity offered by Bilney's appointment to reshape Australian engagement with the Pacific islands. Foremost among their number was NCDS director, Helen Hughes. Hughes had been a member of the Jackson Committee, which wrote the influential 1984 Jackson Review that began the economic rationalisation of Australia's foreign aid programme.<sup>32</sup> Interviewed in the course of this research, she described herself as effectively in charge of that committee, owing to the ill health of the chair, Gordon Jackson.<sup>33</sup> Prior to joining the NCDS in 1983, she had worked at the World Bank, and had helped the PNG government in its negotiation of loans from the World Bank. She also recruited another economist, Ron Duncan, who would also have a long, and still continuing at the time of writing in 2012, career working on development issues in the Pacific islands. Before her employment at the World Bank, Hughes had worked at several institutes at the ANU, where her work covered Nauru and PNG. In the early 1960s, former Prime Minister Bob Hawke, at the time the research director of the Australian Council of Trade Unions (ACTU), had asked her to help the Nauru local government council to negotiate with the Australian, New Zealand and British governments over phosphate royalties.<sup>34</sup> Her considerable experience and knowledge of economic issues in the Pacific islands greatly helped her standing among government officials. Interviewed during this research, former Ministers Hayden and Bilney spoke of their great admiration for Hughes.<sup>35</sup>

Hughes began the close relationship between the NCDS and the AIDAB that continues to this day between their successors, the Crawford School of Economics and Government and AusAID. The NCDS was, for many years, the only university institution to have a role in research and policy formation for the Australian aid programme. The genesis of the work that began this role was a workshop held in February 1992, organised by NCDS academic staff and including graduate students

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32 Committee to Review the Australian Overseas Aid Program, *Report of the Committee to Review the Australian Overseas Aid Program*.

33 Helen Hughes, *Interview conducted by the author*, Sydney, 20 February 2008.

34 Helen Hughes, *Interview conducted by the author*, Sydney, 20 February 2008.

35 Bill Hayden, *Interview conducted by the author*, Brisbane, 19 September 2007; Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.



from the Pacific islands and representatives of island governments.<sup>36</sup> The conference proceedings were subsequently written up under the banner *Pacific 2010*, which was also the title of a subsequent research project.

The *Pacific 2010* project was co-sponsored by the NCDS and AIDAB, and designed from the outset to be a driver of policy in addition to being a piece of academic research.<sup>37</sup> It built on research published by the World Bank in the preceding years, which concluded that the Pacific islands needed to undertake reforms to adapt to global economic conditions and encourage private sector investment.<sup>38</sup> Its research was informed by three interlocking streams of thought, which together constituted a new discourse for understanding the Pacific islands and Australia's policy problems and possible solutions. The first strand, characteristic of economic rationalism, focused on budgets and national accounts. The second, environmental sustainability, was related to the first by conceptualising the environment as a resource requiring sound management. The third strand, which united the two others and around which the final analysis was based, was high population growth.

### ***A new crisis: doomsday***

Analysing the state of the Pacific islands according to this framework, the authors of *Pacific 2010* painted a gloomy picture.<sup>39</sup> High birth rates meant a rapidly growing population, which would erode the benefits of whatever economic growth did occur, place pressure on infrastructure and education and health budgets and generate a host of social problems. Rapacious logging in PNG and Solomon Islands and an inadequately regulated or controlled fishing industry were depleting natural resource stocks in a manner that was both unsustainable and inadequately compensated. Significantly, the report explicitly condemned the potential alternative offered by

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36 Rodney V. Cole, *Pacific 2010: Challenging the Future*, Canberra, National Centre for Development Studies, Research School of Pacific Studies, Australian National University, 1993, p.viii.

37 Rodney V. Cole, *Pacific 2010*, p.ix.

38 World Bank, *Pacific Island Economies: Towards Higher Growth in the 1990s*, Washington DC, The World Bank, 1991; World Bank, *Towards Higher Growth in the Pacific Island Economies*.

39 National Centre for Development Studies, *Pacific 2010: The Future, a Matter of Choice*, Canberra, National Centre for Development Studies, Research School of Pacific Studies, Australian National University, 1994.

subsistence agriculture based on customary land tenure, arguing that it could not be sustained as populations and material aspirations grew.

Reinforcing this negative evaluation and cementing the depiction of crisis in the Pacific islands, journalist Rowan Callick wrote an introduction to the reports entitled *Pacific 2010: A Doomsday Scenario?*<sup>40</sup> Callick was known and respected in Australia for his experience in the Pacific islands, and was convinced by the arguments advanced in the report. His introduction, however, took them a step further into hyperbole, projecting forward to 2010 the most dramatic aspects of existing demographic, economic, social and environmental trends. Crucially, Callick's introduction claimed that the 'doomsday scenario' could be averted, but only through the application of appropriate family planning, environmental protection and economic policies. The latter bear the hallmarks of neo-liberal economics: budgetary discipline, enhanced competitiveness, privatisation, financial sector reform, exchange rate and wage policies are cited as areas for reform.

The *Pacific 2010* project thus fulfilled all of the criteria for a driver of renewed Australian engagement with the Pacific islands. A new group of policy entrepreneurs associated with the NCDS used the new discourse of economic rationalism to portray a crisis facing the Pacific islands. Alongside the crisis, their analysis presented a clear set of responses that Australian policy-makers could choose to adopt. This message was delivered with the help of journalist Rowan Callick and the institutional backing of AIDAB. With a new ministry responsible for development in the Pacific islands and Minister Bilney's receptiveness to the new discourse, all the conditions for a realignment of policy were in place.

### ***A new solution: resource management***

Bilney embraced the analyses and prescriptions presented in the *Pacific 2010* project and rapidly instituted a dramatically changed agenda for Australian policies in the

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40 Rowan Callick, 'Pacific 2010: A Doomsday Scenario?', in Rodney V. Cole (ed.), *Pacific 2010: Challenging the Future*, Canberra, National Centre for Development Studies, Research School of Pacific Studies, Australian National University, 1993, pp.1-11.

Pacific islands.<sup>41</sup> In doing so, he shifted the emphasis away from population growth and environmental degradation toward resource management. This important move reflected Bilney's and Keating's personal interest in forestry and fisheries, and had the politically opportune benefit for relations with the Pacific islands of avoiding the sensitive issue of birth control while casting rapacious Asian companies as the villains. Nonetheless, the changes to economic policy advocated by the NCDS remained firmly on Bilney's agenda. In order to further this objective, which required changes to domestic policies in the Pacific islands, Bilney distanced himself from Evans' emphasis on respect for formal sovereignty. He reformulated the doctrine of constructive commitment to present economic security as the prerequisite for the effective exercise of sovereignty. Australian policies would thus be directed at helping the Pacific islands achieve that sovereignty through a commitment to economic growth. This would in turn depend on a reciprocal commitment on the part of Pacific island leaders to reform their economies and make more effective use of their resources.

In June 1994, Bilney followed Evans' example of six years earlier in giving a speech to the Foreign Correspondents' Association in which he outlined his understanding of the Pacific islands and his approach toward and objectives for them.<sup>42</sup> Bilney's manifesto differed markedly from Evans' in each of these dimensions. Whereas Evans admitted his very recent discovery of the diversity of the Pacific islands and proposed a framework based on principles of respect for sovereignty and promotion of shared values, Bilney spoke with certainty of specific challenges confronting the Pacific islands and responses based explicitly on Australian leadership. Foremost among these challenges were transnational issues, including unregulated population flows, refugees, international terrorism, the narcotics trade, international crime and health problems such as AIDS, which were redefining the limits of sovereign power.

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41 Gordon Bilney, *The Philosophy and Process of Australia's Development Cooperation Program with the South Pacific*, Address to the Centre for South Pacific Studies, University of NSW, 27 October 1994, pp.2-4.

42 Gordon Bilney, *Australia's Relations with the South Pacific: Challenge and Change*, Address by the Minister for Development Cooperation and Pacific Island Affairs to the Foreign Correspondents' Association, Sydney, 15 June 1994, Briefing Paper No. 34, Canberra, Australian Development Studies Network, Australian National University.

Bilney sought to direct Australian policies toward promoting the economic growth that would help the Pacific islands to confront these problems.

Bilney's speech focused particularly on the 'Pacific paradox' and the question of how to rectify the low levels of economic development in the Pacific islands. In answer, he pulled no punches: the Pacific islands needed to implement sound national policies, in particular public sector reform and private sector development. Old social and economic habits and attitudes would have to be adapted or abandoned because investors and aid donors, including Australia, expected countries to formulate and implement the reforms necessary for economic development. More pointedly still, he singled out the highly sensitive issue of land tenure as something that needed to be made more compatible with the demands of investors.

### ***A new approach: managing our resources***

The watershed event for the practical transition in policy was the SPF heads of government meeting held in Brisbane in August 1994 under the banner 'Managing Our Resources'. This theme reflected Bilney's personal interest in the fishing industry and Keating's in forests, especially in Solomon Islands.<sup>43</sup> Bilney's and Keating's attention had been drawn to environmental issues the previous year, when a settlement was finally reached with Nauru in a long-running legal dispute over compensation for environmental destruction caused by decades of phosphate mining. In the lead-up to the 1994 meeting, the government released some findings from a study it had commissioned the NCDS to undertake into logging in Melanesia, which included startling calculations of the amount of revenue lost through unregulated logging.<sup>44</sup> In addition, Keating, particularly exercised over logging at Marovo lagoon in Solomon Islands, had formulated a 'debt for nature' swap in which Solomon Islands would cease logging at the site.<sup>45</sup>

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43 Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.

44 Mary-Louise O'Callaghan, 'Pacific Nations lose Millions in Timber Revenue', *SMH*, 30 July 1994, p.17; Ron Duncan, *Melanesian Forestry Sector Study*, Canberra, Australian International Development Assistance Bureau, 1994.

45 Mary-Louise O'Callaghan, 'Keating Attacks Asian Log Exploiters', *SMH*, 2 August 1994, p.3.

At the Brisbane meeting, Keating and Bilney officially presented the new Australian approach to the Pacific islands. Keating controversially attacked Asian logging and fishing companies for their rapacious activities in the Pacific islands. Though somewhat occluded by the public focus on resource management, economic reform remained central to the Australian agenda. On this front, Keating successfully used the private leaders' 'retreat' to advance the long-standing issue of the financial drain imposed by subsidies to loss-making airlines in the region.<sup>46</sup> At an institutional level he convened and agreed to finance a meeting of finance ministers the following year, in what would become institutionalised three years later as the Forum Economic Ministers Meeting (FEMM). Finally, Australian officials had the SPF officially recognise a series of economic concerns, including competitiveness, productivity and fiscal and trade balances.<sup>47</sup>

During the two months between Bilney's speech and the SPF meeting, there was wide coverage in the media of the analysis and prescriptions that he had raised. Bilney's stance was widely welcomed by journalists, including notably Rowan Callick, who had written the introduction to the *Pacific 2010* report.<sup>48</sup> Callick and Bilney appeared on *Lateline* alongside leaders from PNG, Fiji and Cook Islands to discuss the new Australian agenda.<sup>49</sup> The public profile of Australia's engagement in the Pacific islands thus rose greatly in prominence, completing the set of features characteristic of this phase of the engagement cycle.

### ***The reform agenda in practice***

As on each reinvigoration of Australian engagement, events in the Pacific islands and competing Australian policy objectives challenged the government's resolve to implement its new agenda. First, a challenge came from the economic and political impact of the policies themselves. While the promised economic benefits proved

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46 William Sutherland, 'Global Imperatives and Economic Reform in the Pacific Island States', *Development and Change*, Vol.31, No.2, March 2000, p.465.

47 South Pacific Forum, *Forum Communiqué*, Brisbane, South Pacific Forum, 1994, pp.3-4.

48 See for example, Rowan Callick, 'Gordon Bilney and the South Pacific Blues', *AFR*, 15 June 1994, p.17 p.17; Mary-Louise O'Callaghan, 'Casting Nations to Their Own Fate', *The Age*, 16 June 1994, p.17 p.17; Cameron Stewart, 'PM Warns Pacific of Bleak Future', *Australian*, 1 August 1994, pp.1-2 pp.1-2.

49 Australian Broadcasting Corporation, *Lateline*, 1 August 1994.

elusive, the exercise of power that was integral to their implementation created friction with several Pacific island governments. Second, Australian commercial interests prevailed in a number of cases over the principles that Bilney articulated, resulting in inconsistency between the theory and practice of Australian policy in the Pacific islands. Finally, ongoing efforts to support a resolution to the long-running conflict in Bougainville produced no visible signs of success. These factors eroded the optimism that Bilney's reform drive had instigated and, as in each decline phase in the engagement cycle, contributed to the re-emergence of the familiar widespread sense that Australian policies could achieve little in the Pacific islands. Nonetheless, Bilney remained dedicated to the policies and continued to apply himself to their implementation.

### **The impacts of economic reform**

The early impact of the Australian agenda in encouraging reform by Pacific island governments was patchy.<sup>50</sup> In PNG, it was at most a contributing factor to a reform process that had been sparked by the Bougainville crisis and had been underway for several years. A comparable situation prevailed in Fiji, where the interim government appointed following the 1987 coups had already made economic reform a centrepiece of its agenda. In contrast, Solomon Islands continued to run large fiscal deficits and consequent mounting debt service bills, to the point where the Central Bank declared in August 1995 that it would no longer service debts incurred by the government. Tonga and Samoa continued to run large balance of payments deficits that were only partially compensated by large inflows of remittances. Even in Vanuatu, where the economic management was perceived to be sound, economic performance was weak. More generally, economic growth across the region remained characteristically erratic, with negative growth a common feature. Although proponents of the reform agenda could point to structural difficulties facing the Pacific islands and argue that it would have been worse had the reforms not been made, the general reaction among the media and bureaucracy was to return to the familiar low expectations of the Pacific islands.

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50 'Current Economic Trends in the South Pacific', *Pacific Economic Bulletin*, Vol.10, No.2, 1995, pp.1-22; William Sutherland, 'Global Imperatives and Economic Reform in the Pacific Island States', pp.470-5.

However, it was the political rather than the economic implications of Bilney's approach that had a profound impact on relationships in the region. In demanding reciprocal commitments of Pacific island governments in exchange for foreign aid, it made use of incentives and sanctions to influence the behaviour of recipient governments. This marked a distinct shift away from the norm of non-interference in the domestic affairs of sovereign nations, which had been central to the regional order in the post-independence period. In the most extreme case, Australian aid to its former dependency, PNG, had simply been paid into the national treasury as budgetary support. In contrast, Bilney explicitly targeted the perceived failings of Pacific island governments and insisted that aid could not help countries whose governments did not implement good management. Thus, aid 'conditionality' was placed squarely on the agenda.

The most dramatic instance of the use of conditionality occurred in relatively straightforward circumstances, appeared to produce the desired outcome and was consequently uncontroversial. In 1993, the Solomon Islands government of Prime Minister Billy Hilu had, with Australian government funding, established an institution called the Timber Control Unit (TCU) to regulate the logging industry.<sup>51</sup> Hilu subsequently lost power to Solomon Mamaloni, whose ownership of a logging company would have raised questions of impropriety even had the company not been alleged by Transparency International to have received SI\$1.5m (approximately A\$500,000) in tax concessions in 1995 alone.<sup>52</sup> When Mamaloni's government disbanded the TCU in January 1996, the Australian government withdrew some SI\$7m (approximately A\$2.2m) of support to the Solomon Islands forestry sector. The next year, following elections and the formation of a new government under Prime Minister Bartholomew Ulufa'alu, the programme was reinstated and given greater legal force with the passing of an Act of Parliament to regulate logging.<sup>53</sup>

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51 Phillip Montgomery, 'Forestry in Solomon Islands', *Pacific Economic Bulletin*, Vol.10, No.2, 1995, pp.74-6.

52 Ted Cnossen, 'The Solomon Islands Experience', *Pacific Economic Bulletin*, Vol.15, No.1, 2000, p.164.

53 Mark Otter, 'Is the Solomon Islands' "Paradox" an Australian Responsibility?', in Ivan Molloy (ed.), *The eye of the Cyclone: Issues in Pacific Security*, Sippy Downs, Qld., PIPSA & University of the Sunshine Coast, 2004, p.117.

If the use of conditionality in response to the closure of the TCU proved uncontroversial, other instances were less clear-cut. Predicating development cooperation on 'agreement on a sensible program of activities and a commitment to policies which promote sustainable development'<sup>54</sup> constituted a threat to withdraw aid to countries whose government did not meet these criteria. Similarly, incentives were created in the form of additional funding introduced in the 1995-6 budget to 'assist countries to undertake policy and management reforms.'<sup>55</sup> In the absence of clearly defined criteria for adjudicating on the use of these 'carrots' and 'sticks', there was no assurance that they would be applied in a consistent manner or maintained into the future. These concerns drove a range of critiques of the use of aid conditionality. Policy insider and proponent of economic reform Ron Duncan argued that in order to 'lock in' policy reforms, a treaty arrangement modelled on the North American Free Trade Agreement (NAFTA) or EU would be much more effective than aid conditionality.<sup>56</sup> International research questioned the effectiveness and efficiency of aid conditionality, pointing out that by reducing local 'ownership' of aid, it diminished recipient governments' credibility with private investors.<sup>57</sup> Humanitarian NGOs argued against the imposition of macro-economic policies, although their critique was directed more at specific policies such as reduced government expenditure, privatisation and lower wages than at the principle of conditionality.<sup>58</sup>

Thus, the main thrust of Bilney's reform agenda gradually lost its sheen as its uptake was patchy and its effects unclear. Its successes in, for example, improving forestry management came at the cost of a temporary breakdown in relations with the Solomon Islands government. More generally, the effectiveness of aid conditionality, key to effecting economic reform in the Pacific islands, was questioned from a variety of perspectives. Without being fatal to its implementation, these trends eroded the

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54 Gordon Bilney, *Global Change and Australia's Overseas Aid Program: Ministerial Policy Paper and Sixth Annual Report to Parliament on Australia's Development Cooperation Program*, Canberra, AusAID, 1995, p.13.

55 Gordon Bilney, *Global Change and Australia's Overseas Aid Program*, p.14.

56 Ron Duncan, 'On Achieving Sound and Stable Economic Policies in the Pacific Islands', *Pacific Economic Bulletin*, Vol.9, No.1, 1994, pp.21-25.

57 Peter Larmour, 'Conditionality, Coercion and Other Forms of 'Power'', p.250.

58 Greg Barrett, 'Economic Growth: An Objective for AusAID?', in Patrick Kilby (ed.), *Australia's Aid Program: Mixed Messages and Conflicting Agendas*, Clayton, Monash Asia Institute and Community Aid Abroad, 1996, pp.13-29.



widespread enthusiasm that accompanied Bilney's initial adoption of the economic reform agenda.

### **The commercialisation of Australian aid**

A key aspect of the economic rationalism that informed Australian policy-making during this period was its emphasis on cost-effectiveness and a more general concern with spending restraint. Bilney's agenda of demanding that Pacific island governments implement reforms in the name of self-sufficiency represented one response to this pressure. However, when his ambitious agenda appeared to call for substantial funding in support of reform, the government barely maintained the aid budget at 0.34 percent of national income. Bilney attempted to place these figures in a good light by drawing attention to growth in their absolute real value and their being above the OECD average.<sup>59</sup> A second manner of accommodating the financial pressure that would have longer-lasting significance was to make the aid programme return direct benefits to the Australian economy. Responses of this kind could be seen over the following years as foreign aid was used to support Australian companies. More subtly, inconsistent application of environmental standards facilitated environmentally and socially destructive activities by Australian mining companies.

The primary component of this commercialisation was a 'mixed credit' financing scheme, in which public funds were used to extend credit at concessional rates to recipient countries in order to pay Australian suppliers. The Development Import Finance Facility (DIFF) had been created in 1980 during the government of Prime Minister Malcolm Fraser, justified by the need for Australia to match the mixed credit schemes of other donor countries.<sup>60</sup> It grew rapidly from its first use in 1982, and by 1996 consumed around 10 percent of the total aid budget, well above the five percent limit recommended in the Jackson Report.<sup>61</sup> It was particularly criticised by NGOs for

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59 Gordon Bilney, *Australia's Development Cooperation Program 1994-95*, Canberra, Australian Government Publishing Service, 1994, p.iii; Gordon Bilney, *Global Change and Australia's Overseas Aid Program*, pp.6-7;

60 Ravi Tomar, 'A DIFFerence of Opinion: Cancellation of the Development Import Finance Facility', *Current Issues Brief*, No.20, 1996, Canberra, Department of the Parliamentary Library, Commonwealth of Australia, <<http://www.aph.gov.au/binaries/library/pubs/cib/1995-96/96cib20.pdf>> (accessed on 9 March 2009), p.3.

61 Patrick Kilby (ed.), *Australia's Aid Program: Mixed Messages and Conflicting Agendas*, Clayton, Monash Asia Institute and Community Aid Abroad, 1996, p.8.

the distortions it created in the aid programme toward large-scale projects characterised as ‘pouring concrete’ and, significantly for this analysis, away from the Pacific islands.<sup>62</sup> These concerns were only partially alleviated by the ‘Helsinki rules’, introduced by the OECD in 1992 to regulate the use of mixed credit schemes by member countries. However, Bilney extended the programme in 1994 while marrying it with the new environmental focus by introducing a ‘Green DIFF’.<sup>63</sup> Having the twin objectives of development in recipient countries and commercial benefits to Australian companies, the DIFF was criticised by economists for being inefficient in pursuit of both.<sup>64</sup> Unusual among policies affecting the Pacific islands, it became the subject of differences between political parties when the Opposition Liberal Party promised to abolish it if elected.<sup>65</sup>

The second manner in which Australian aid served as a form of assistance to Australian companies was through ‘tying’ aid to Australian suppliers. This practice ran directly counter to the principles of economic liberalisation that the government promoted through the aid programme. However, national interest calculations surrounding economic activity and balance of payments concerns militated against moves to reduce aid tying. The government stuck to its official position that there was no contradiction in the aid programme serving both international development and Australian economic interests.<sup>66</sup>

A less direct manner in which Australian policies served Australian commercial interests was by applying different standards to Australian mining operations from those it applied to Asian fishing and forestry companies. The cavalier attitude of the latter to environmental issues and legal regulations had been publicly and officially cited as constituting a significant impediment to economic and social development in the Pacific islands.<sup>67</sup> In contrast, the government defended the actions of Australian mining companies involved in a number of operations in PNG that raised

62 Russell Rollason, ‘The NGO Critique of the Development Import Finance Facility’, in Australian International Development Assistance Bureau, *Development with a DIFFerence*, Canberra, Commonwealth of Australia, 1993, pp.8-9.

63 Ravi Tomar, ‘A DIFFerence of Opinion’, p.6.

64 Ross H. McLeod & Sandy Cuthbertson, ‘The DIFF: An Obituary’, *Agenda*, Vol.3, No.4, 1996, pp.517-28.

65 Peter Costello, ‘Meeting Our Commitments’, Media Release, 15 February 1996, cited in Ravi Tomar, ‘A DIFFerence of Opinion’, p.1.

66 Gordon Bilney, *Global Change and Australia’s Overseas Aid Program*, pp.22-23.

environmental and social concerns. The most notable of these was the Ok Tedi mine, which became the subject of considerable controversy in Australia and PNG. Operated by the Australian company BHP in central New Guinea, near the border with Indonesian West Papua, the mine had for many years been opposed by landowners affected by its operation.<sup>68</sup> In the early 1990s, it attracted the attention of environmental activists for the pollution it was causing in the Ok Tedi and Fly Rivers.

In 1994, Melbourne law firm Slater and Gordon commenced legal action against BHP in Australian courts on behalf of people whose homes and country were affected by the mine. In an attempt to thwart this law suit, the PNG parliament drafted legislation making participation in it a criminal offence.<sup>69</sup> Lawyers from Slater and Gordon alleged that this legislation had been drafted by lawyers employed by BHP, fuelling suspicion of an unhealthy relationship between the PNG government and mining interests.<sup>70</sup> Although a settlement was reached in 1996, BHP ultimately withdrew from the mine in 2002 at considerable financial cost, admitting that its social and environmental policies had been found wanting.<sup>71</sup>

For the Australian foreign and development assistance policy community, such controversy concerning Australian-owned mining interests posed a problem. Principles of human rights supported the claims of landowners and activists that the Australian government had the power and duty to regulate the operation of Australian companies outside Australia.<sup>72</sup> However, respect for PNG sovereignty dictated that Australia should refrain from interfering with the conduct of its relations with corporations, Australian or otherwise. Representatives of companies like BHP have access to Australian policy-makers that allows them to present their position in a favourable light. They and the government took the position that it was not the

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67 J. G. H. Maxwell & A. D. Owen, *A Study of the Economic and Social Costs of Under-Pricing of Resource rent and Under-Reporting of Tuna Fish Catches in the South Pacific*, Canberra, AusAID, 1994; Gordon Bilney, *Interview conducted by the author*, Adelaide, 31 August 2007.

68 David Hyndman, 'Zipping Down the Fly on the Ok Tedi Project', in John Connell & Richard Howitt (eds.), *Mining and Indigenous Peoples in Australasia*, Sydney, Sydney University Press, 1991, pp.77-90.

69 Tony Kaye, 'PNG to Outlaw Ok Tedi Case', *SMH*, 10 August 1995, p.37.

70 Tony Kaye, 'BHP "Had Ok Tedi Bill Drafted"', *SMH*, 16 August 1995, p.41.

71 David Merrett, 'Sugar and Copper', p.230.

72 Tania Penovic, 'Undermining Australia's International Standing: The Failure to Extend Human Rights Protections to Indigenous Peoples Affected by Australian Mining Companies' Ventures Abroad', *Australian Journal of Human Rights*, Vol.11, No.1, October 2005, pp.71-118.

government's role to take a stand on the conduct of Australian companies outside Australia.<sup>73</sup>

The obvious discrepancy between the official Australian position on forestry and fishing operations and that on mining suggests a subordination of policy principles to national interests. However, there are some key differences among the various industries that can also explain these inconsistencies. Forestry and fishing are industries based on the exploitation of a resource that is, at least in theory, renewable. The problems that Bilney's resource management policies targeted in those industries were the excessive rates of extraction and their low return to Pacific island economies. In contrast, minerals are inherently non-renewable, so the rate of extraction is irrelevant, while the level of royalties paid by the mining industry was never raised as a problem. Rather, concerns regarding mining centred on the pollution that it caused and its effects on those living near or downstream from operations. These communities typically have little access to PNG political processes, which are notoriously unresponsive to local concerns. The Australian activists who took up their case tended to be dismissed by Australian policy-makers as uninformed or unrealistic. Their lack of access to Australian policy processes compares with the close relationship between mining industry representatives and government officials. This discrepancy helps to illuminate the manner in which features of the policy process result in inconsistencies of this kind. It provides a more nuanced explanation than do Marxist-inspired assertions that the Australian government simply does the bidding of Australian companies or was engaged in a neo-imperial project.<sup>74</sup>

Like the mixed outcomes of the economic reform agenda, the commercialisation of Australian policy contributed to a cynical view of Australian policies toward the Pacific islands. The beginning of a coalition of interest between liberal economists and humanitarian advocates was evident in the critiques of the aid programme. However, none of these factors proved sufficient to undermine the economic reform agenda, nor was any clearly articulated position on how to eliminate inconsistencies

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73 Robert Ray, Response to question by Senator Sid Spindler in Commonwealth of Australia Senate, *Parliamentary Debates (Hansard)*, Canberra, Commonwealth of Australia, 20 September 1995, p.1093.

74 An example of this kind of analysis can be found in Tim Anderson, *Australia's Regional Interventions*, pp.5-14.

in its implementation able to make an impact. Instead, Bilney maintained his approach undeterred even as the policy community lost enthusiasm for his project.

### **The ongoing Bougainville conflict**

In parallel with the emergence and implementation of the economic reform agenda, Australian policies toward the Pacific islands continued to be influenced by the ongoing conflict in Bougainville. Bilney's approach to development assistance identified the attainment of economic and social development and effective government as key to peace-building.<sup>75</sup> However, these principles provided little guidance for responding to existing situations such as the one in Bougainville. Pressure for a change in Australia's position of support for the PNG government came from a number of directions: the internationalisation of the conflict as Solomon Islands became embroiled; the widespread perception that earlier Australian approaches had been ineffective and articulation of a new approach by a parliamentary delegation; and PNG's deteriorating ability to finance its military operations in Bougainville. Together these pressures drove a shift from support for the PNG government toward ending the conflict and providing humanitarian relief. Nonetheless, responding to the Bougainville conflict remained marginal to the thrust of Australian engagement with the Pacific islands. Instead, the conflict served primarily to nourish the 'doomsday' analysis and contributed to the generalised negative impressions of PNG and, by extension, the Pacific islands.

The proximity of Solomon Islands to Bougainville led to its serving as a conduit for supplies of all kinds as Bougainville remained subject to a blockade by the PNGDF. Both BRA militants and PNGDF personnel crossed the border, leading to serious tension between the two countries. PNG troops exchanged fire with Solomon Islands police, and the PNGDF attempted to annex an island belonging to the Solomon Islands.<sup>76</sup> This internationalisation of the conflict created new pressures on Australian foreign policy.

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<sup>75</sup> Gordon Bilney, *Global Change and Australia's Overseas Aid Program*, pp.7-8.

<sup>76</sup> Mary-Louise O'Callaghan, 'Troops in Shoot-Out with Police on Border', *SMH*, 6 April 1993, p.10; Mary-Louise O'Callaghan, 'PNG's Forces Try to Claim Island', *SMH*, 10 April 1993, p.11.

Firstly, in defending international law, Australian officials were obliged to rebuke their PNG ally over the actions of the PNGDF on Solomon Islands territory, implicitly acknowledging that Australian military support had contributed to violations of international law.<sup>77</sup> Furthermore, their commitment to support Solomon Islands, and provision of an additional six vessels for use on its maritime border with PNG, meant that they were actively backing both sides in this international dispute.<sup>78</sup> More generally, the involvement of Solomon Islands meant that the conflict could no longer be characterised as an internal dispute but was one that involved two states, both of which Australia supported. This tension pushed Australian policy further in the direction of seeking a resolution of the Bougainville conflict through supporting negotiations and potentially mediating among the parties.

Secondly, pressure on Australian policy associated with the Bougainville conflict derived from the tacit acknowledgement within government that the earlier stance had been counter-productive. A parliamentary delegation that visited Bougainville in April 1994 was greatly concerned by human rights abuses documented in a recent report by Amnesty International.<sup>79</sup> The delegation's report emphasised the suffering and deprivation faced by Bougainvilleans as a result of the conflict and recommended that Australia prioritise humanitarian assistance and a negotiated settlement.<sup>80</sup> It marked the first official acknowledgement of Australian complicity in a humanitarian tragedy and was a key driver of the evolution in Australia's approach to the Bougainville conflict.

Thirdly, pressure derived from the erosion of the PNG government's resolve and ability to prosecute the war in Bougainville. A leaked confidential PNG government report revealed that public officials had urged the government of Prime Minister Paias Wingti to initiate peace talks.<sup>81</sup> Lack of funding had led to PNG troops' suffering a shortage of food and ammunition and inadequate maintenance of the helicopters

77 Tony Wright, 'Aust Concern at PNG Forces' Raid', *SMH*, 9 April 1993, p.6.

78 Mary-Louise O'Callaghan, 'Patrol Boats for Solomons', *SMH*, 22 April 1993, p.9.

79 Amnesty International, *Papua New Guinea: "Under the Barrel of a Gun" – Bougainville 1991 to 1993*, Amnesty International, 1993.

80 Commonwealth of Australia, *Bougainville: A Pacific Solution, Report of the Visit of the Australian Parliamentary Delegation to Bougainville, 18-22 April 1994*, Canberra, Australian Government Publishing Service, 1994.

81 Mary-Louise O'Callaghan, 'Pressure Mounts for Bougainville Peace Deal', *SMH*, 30 March 1994, p.12.

donated by the Australian military, which had consequently become unserviceable. Meanwhile a spokesman for the 'interim government' established on Bougainville was reported as conceding that secession was no longer achievable. With both sides to the conflict entertaining the possibility of an end to hostilities and a negotiated settlement, the shift from supporting the PNG government to supporting a resolution became less marked and more akin to an adjustment in tactics than a change of sides.

Responding to these pressures, Australian policy surrounding the Bougainville conflict abandoned its focus on maintaining the territorial integrity of PNG or reopening the Panguna mine in favour of supporting humanitarian measures and regional peace initiatives. In April 1994, Bilney diverted \$500,000 of the foreign aid budget allocated to PNG to the Red Cross for relief and restoration work on Bougainville. Presenting the report of the parliamentary delegation, Evans announced that he was willing to host peace talks and provide support for a regional peacekeeping force and a human rights commission for PNG.<sup>82</sup> Given Australia's history of support for the PNG government, he did not seek a primary role for Australia in brokering peace.<sup>83</sup> Although the conflict dragged on, with attacks and counter-attacks even as negotiations proceeded, the shift in the Australian approach to support for the 'peace process' was definitive. Moreover, the recasting of the conflict in Bougainville as a problem of weakness and legitimacy inherent in the PNG state rather than one of insurgency facilitated its integration into the 'doomsday' conception of the Pacific islands.

The ongoing conflict in Bougainville thus served to continue the gradual transition from supporting the PNG government toward facilitating a peaceful settlement. The significant impact of the parliamentary delegation to Bougainville marked a rare example of Parliament influencing Australian policy. Moreover, the prominence that its report gave to Amnesty International's position created a still more unusual case of a humanitarian NGO having a demonstrable impact on policy. Nonetheless, the effect of both Parliament and Amnesty International was to hasten rather than alter the direction of its evolution.

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82 Mary-Louise O'Callaghan, 'Evans Rejects Lead Role in Bougainville', *SMH*, 9 June 1994, p.2.

83 Gareth Evans, *Interview conducted by the author*, Melbourne, 15 March 2011.

### ***The legacy of economic reform***

The dampening of enthusiasm in Australia that accompanied the inevitable responses and competing objectives did not deter Bilney, who remained committed to the economic reform agenda for the remaining two years of the ALP government. In this endeavour, he benefited from the continued support of and his closeness to Minister Evans and Prime Minister Keating. Moreover, it is testimony to the bipartisan support enjoyed by the economic reform agenda that the Liberal opposition made an election issue of the government's departure from its liberal economic principles inherent in the DIFF programme.

The new approach that Bilney initiated made a profound and lasting impact on the direction of Australia's approach to the Pacific islands. It consolidated the turn to economics as the foundation of foreign aid, begun a decade earlier with the Jackson report, which remains unchallenged today. Perhaps more significantly, it began the progressive downgrading of the principle of sovereignty from a value that was, at least in principle, absolute toward one that was conditional upon the practices that it upheld. Used in the pursuit of a variety of goals, the principle that Australian foreign policy would be directed at influencing domestic policy settings in the Pacific islands has only become stronger.

### ***Analysis and conclusions***

The adoption of economic reform as Australia's primary policy objective in the Pacific islands clearly demonstrates the key features of the crisis phase of the engagement cycle. Bilney's appointment occurred during a period of stagnation in Australia's engagement and coincided with the elaboration of a novel analysis of the state of the Pacific islands that resonated with the prevailing neo-liberal economic ideas. Playing the role of policy entrepreneur, economists at the NCDS presented a stark depiction of imminent crisis in the Pacific islands that could only be averted through urgent policy reforms. Bilney, strongly convinced by this argument and relatively unencumbered by institutional constraints, initiated a dramatic shift in both the ends and means of Australian policy. In doing so, he reaffirmed his adherence to Evans'



doctrine of constructive commitment even as he completely reformulated it.

Australian policy would henceforth target the economic policy settings of the Pacific islands and would not hesitate to use incentives and sanctions in order to do so.

As Bilney worked to implement the reform agenda and respond to the challenges that inevitably occurred, there was something of a departure from the typical pattern followed by the engagement cycle. Although questions were raised about the effectiveness of Bilney's approach, they could be countered by the counter-factual arguments that it had prevented the situation from deteriorating further and needed more time and more systematic application for their benefits to become clear. While the prolonged Bougainville conflict served to lower expectations in the Australian policy community, it is also noteworthy that humanitarian interests rose in prominence under the influence of the NGO Amnesty International and Parliament through the work of its committee. Though not directly related, the two events shared a common foundation in universal values and a diminished regard for the sovereignty of states that did not respect them. Their coincidence also reinforced the impression that this period marked a turning point in Australia's approach to the Pacific islands.

Several factors can be identified that may have contributed to this departure from the typical pattern. Bilney's position as Minister for Development Assistance and Pacific Island Affairs meant that he was not obliged, as much as other ministers had been, to divide his attention between the Pacific islands and relations with other foreign powers. The fact that his policies were strongly aligned with the prevailing economically rationalist ideas and broader policy agenda meant that he was supported by Cabinet and the bureaucracy. Moreover, as economic reform was institutionalised across a range of government agencies, its promotion by AIDAB became part of a broader trend in official policy. Bilney's innovation can thus be described as managing the incorporation into Australia's Pacific island policies of the more general neo-liberal turn of Australian policy.

By 1996, the enduring impacts of Bilney's changes were cemented. The Liberal Party had targeted two key aspects of Australia's approach for change: the DIFF, which was

central to the commercialisation of Australian aid, and the dedicated ministry that Bilney occupied. The next iteration of the engagement cycle that would begin with the election of the coalition government in March 1996 forms the subject of the following chapter.

## 5 – Confidence and neglect: 1996-2000

### *Introduction*

The election of the Howard government on 11 March 1996 heralded a reorientation of Australian foreign policy. The ALP's multilateralist and activist tendencies were replaced by a distinct emphasis on bilateral relationships with strategic partners, driven by Australian national interests. For the Pacific islands, this change meant the loss of the special status they had enjoyed since their independence and an amplified fluctuation in the level of engagement driven by the presence or absence of Australian strategic objectives. An important exception was the policies of economic reform, which being relatively effectively institutionalised and insulated from immediate Australian interests, were characterised by continuity and evolution.

The new government began by reforming the aid programme, firstly in an idealistic and short-lived attempt to reduce the influence of vested interests, and secondly in response to the impacts of the 1997 Asian financial crisis. It moved toward promoting a regional trade agreement with the Pacific islands rather than unilateral liberalisation, in large measure to prevent the EU from gaining greater access than Australia or New Zealand to Pacific island markets. However, it was events in the Pacific islands, in the form of the 'Sandline affair', that drove a more dramatic shift in Australian engagement. Strategic analysts perceived the presence of private military contractors in PNG to pose a serious threat to Australian strategic interests and drove Prime Minister John Howard to make a particularly strong response against the PNG government. In the wake of the crisis that this episode generated, Foreign Minister Alexander Downer greatly increased Australian involvement in the ultimately successful peace negotiations in Bougainville. The engagement stimulated by this process dissipated over the following years as the government found itself distracted by unprecedented events in East Timor and relations with the Pacific islands returned to their familiar low profile.

The period from the Howard government's election in 1996 until the extra-constitutional overthrow in 2000 of the governments of Fiji and Solomon Islands represents the third iteration of the engagement cycle analysed in this thesis. The

new government's approach to foreign affairs saw the Pacific islands lose their special status, and a consequent decline in the engagement that Minister Bilney had instituted and maintained. Dramatic events in the region in the form of the Sandline affair drove Prime Minister Howard to play the role of policy entrepreneur and begin a strengthened involvement with the Bougainville peace process. This engagement was characteristically short-lived, and by the end of the period, Australian engagement had once again reached the stagnation phase of the cycle.

This chapter relates the new government's incorporation of the Pacific islands into the broader thrust of its foreign policy. It argues that this approach accentuated the institutionalisation of development assistance policies, which followed an agenda set within the aid and trade bureaucracies. Strategic policy and diplomatic relations, in contrast, followed a typical pattern of engagement, with the Sandline affair providing the crisis and Prime Minister Howard playing the role of policy entrepreneur. The success of the Bougainville peace process contributed to confidence in Australia's ability to manage relations with the Pacific islands. This confidence compounded the distraction created by East Timor's transition to independence and disregard for Pacific island concerns over the effects of climate change to hasten the onset of stagnation in Australia's relations with the Pacific islands.

### ***A new government***

The coalition government led by John Howard that was elected in March 1996 brought critical changes to the conduct of Australian foreign policy.<sup>1</sup> In contrast to the ALP's multilateralist tendencies, it privileged bilateral relationships as 'the basic building block' of foreign and trade policies and took a corresponding 'selective approach to the multilateral agenda'.<sup>2</sup> In the coalition parties' own description, its approach was 'focused', 'practical' and 'realistic' in contrast to the ALP's 'inflated expectations' and 'exaggerated perception of [Australia's] likely influence'.<sup>3</sup> The

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1 See David Goldsworthy, 'An Overview', in James Cotton & John Ravenhill (eds.), *The National Interest in a Global Era*, Melbourne, Oxford University Press, 2001, pp.10-30; Michael Wesley, *The Howard Paradox: Australian Diplomacy in Asia, 1996-2006*, Sydney, ABC Books, 2007, pp.31-59.

2 Department of Foreign Affairs and Trade, *In the National Interest: Australia's Foreign and Trade Policy: White Paper*, Canberra, Commonwealth of Australia, 1997, p.iii.

3 Liberal Party of Australia and National Party of Australia, *A Confident Australia: Coalition Foreign Affairs Policy*, Melbourne, 1996, p.1.

change of government meant a more explicit focus on Australia's 'national interest' rather than international norms or more abstract principles about being a 'good international citizen'.

Despite the bipartisan support for the Keating government's reform agenda, Howard's election brought changes with important implications for the making of policy toward the Pacific islands. The new foreign minister, Alexander Downer, had a more conservative disposition and attached greater importance to the role of states in global affairs than his predecessors, Evans and Bilney. He distinguished his approach to foreign relations from that of the ALP as one of viewing good relations not as an end in themselves but only as a means of pursuing national interests. He therefore saw no problem in having a dispute with a leader with whom he disagreed, and pointed out that no Pacific island leader who had sustained a fight with Australia had survived.<sup>4</sup> Downer began with considerably less experience with the Pacific islands than either Evans or Bilney at the time of their appointment, having only begun to learn about the region on becoming opposition spokesman for foreign affairs in 1995. He visited Bougainville that year with his old friend, the Australian high commissioner, Bill Farmer, where he was sensitised to the problem posed for Australia by that conflict on its border. This experience would influence his subsequent interest in the Bougainville conflict.

Reflecting both its broader principles and Howard's and Downer's predispositions, the new government made a number of immediate changes that brought the Pacific islands into the mainstream of its foreign policy. Most notably, it abolished the post of minister for development assistance and Pacific island affairs, which had been established in 1993 under the Keating government. As minister, Gordon Bilney had been central to that government's engagement with the Pacific islands. Downer portrayed the change as an upgrading of the status of the Pacific islands in Australian foreign policy.<sup>5</sup> Indeed, some Pacific island leaders had interpreted having a junior minister as interlocutor as relegation to a lower status. PNG Prime Minister Julius

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4 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

5 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 7 May 1996, p.447.

Chan reflected this position in welcoming the abolition of the separate ministry.<sup>6</sup> Nonetheless, for the Pacific islands, and especially the smaller and more distant ones, the abolition of the dedicated ministry foreshadowed a diminished level of ministerial attention.

Other key changes instituted by the Howard government reflected the application of its broader principles to Australia's approach to the Pacific islands. Firstly, the new government sought, as a matter of principle, to disentangle foreign policy from development objectives in the aid programme, notably by fulfilling its election promise to terminate the DIFF 'mixed credit' scheme described in the previous chapter. Secondly, it began to promote a regional trade agreement with the Pacific islands akin to agreements with other countries. Such an agreement contrasted with the non-reciprocal agreements that had constituted a form of aid since the Fraser government, and complemented aid conditionality as a mechanism for promoting economic reform in the region. Finally, like the Hawke ALP government had done on taking office, it commissioned a new report into Australia's foreign aid programme. These measures, and their consequences, are treated in the following sections.

### ***Reforming the aid programme***

The Howard government's initial reform agenda was driven by the principled, if somewhat naïve, understanding articulated in its policy platform, that foreign aid should serve the single objective of improving the lives of its recipients. One of Downer's first moves as minister was to act on a pre-election commitment to terminate the DIFF 'mixed credit' financing scheme for development projects discussed in the previous chapter.<sup>7</sup> This move was welcomed by humanitarian and development NGOs, which saw the DIFF as distorting the aid programme toward large-scale projects in bigger countries, and thus away from the Pacific islands.<sup>8</sup> Economists had similarly criticised it for the inefficiency that resulted from its dual objectives of development in recipient countries and commercial benefits to Australian

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6 'Asia Media Offers Lukewarm Reception', *Australian*, 5 March 1996, p.6.

7 Ravi Tomar, 'A DIFFerence of Opinion', p.1.

8 Russell Rollason, 'The NGO Critique of the Development Import Finance Facility', in Australian International Development Assistance Bureau, *Development with a DIFFerence*, pp.8-9.

companies.<sup>9</sup> However, the DIFF's termination was attacked immediately and vociferously by affected domestic and foreign interests, and subsequently by media commentators.<sup>10</sup> Foremost among these critics were the Australian businesses that had previously benefited from the subsidies offered by the DIFF. The foreign ministers of China, Indonesia and the Philippines wrote letters of protest, the existence of which Downer denied and over which he was later revealed to have misled Parliament. Foreign policy commentator Greg Sheridan, otherwise strongly supportive of the foreign policy initiatives of the Howard government, labelled the decision 'stupid and shortsighted.'<sup>11</sup> In Parliament, the government was subjected to attack by the opposition over Downer's statements, and a Senate inquiry was conducted into the DIFF's cancellation.<sup>12</sup> Ultimately, funding was made available for a small number of projects that were to have been funded by the DIFF.

The Howard government's second early move was to commission a report into the aid programme, the first since the 1984 Jackson Report. The committee, chaired by former Executive Chairman of Woolworths Paul Simons, produced a report that resonated strongly with Downer's principled understanding of the aid programme and was summed up in its title, 'One Clear Objective: Poverty Reduction Through Sustainable Development.'<sup>13</sup> It critiqued the multiplication and diffusion of objectives of the aid programme, advocating instead the pursuit of the 'one clear objective' of poverty reduction.

Downer's response to the report, written in November 1997, clearly reflects the shift that had by then been cemented in the Howard government's foreign policy toward an approach based on the primacy of national interests.<sup>14</sup> It reformulated the statement of the objectives of the aid programme to include an explicit reference to Australia's national interest. Whereas the Simons report was explicit about the

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9 Ross H. McLeod & Sandy Cuthbertson, 'The DIFF', pp.517-28.

10 Colin Brown, 'Problems in Australian Foreign Policy: January-June 1996', *Australian Journal of Politics and History*, Vol.42, No.3, 1996, pp.337-8.

11 Greg Sheridan, 'Strong and Steady Path into Asia', *Australian*, 8 June 1996, p.5.

12 Senate Foreign Affairs, Defence and Trade References Committee, *Inquiry into the Abolition of the Development Import Finance Facility*, Canberra, Commonwealth of Australia, 1996.

13 AusAID, *One Clear Objective*.

14 Alexander Downer, *Better Aid for a Better Future: Seventh Annual Report to Parliament on Australia's Development Cooperation Program and the Government's Response to the Committee of Review of Australia's Overseas Aid Program*, Canberra, AusAID, 1997.

importance of the Pacific islands to Australia, devoting an entire chapter and recommending the deployment of additional resources to them,<sup>15</sup> Downer's response made no mention of them beyond an implicit reference as part of the Asia-Pacific geographic focus of the aid programme. While accepting 64 of its 79 recommendations 'in full, in part or in principle',<sup>16</sup> it rejected key measures that had the potential to constrain the uses to which aid might be put in the future. These included, notably, an independent study into the economic impact of 'tying' aid and the legislation of a development cooperation charter.<sup>17</sup>

The most significant substantive difference between the Simons Report and the government's response concerned the 'tying' of aid.<sup>18</sup> This practice had long been used by donors as a means of assisting their domestic industries and thus of increasing domestic support for foreign aid. Nonetheless, it was widely regarded as diminishing the effectiveness of aid in driving development, and sat uneasily with the trend, broadly supported by Australian policies, toward economic liberalisation. Moreover, at this time Australia had the highest percentage of its aid tied of any donor country, so its untying could be justified both on a unilateral basis and as part of multilateral moves. The report thus recommended that the volume of tied aid be progressively reduced, a recommendation that Downer rejected in its entirety. He argued instead that the policy of ensuring the aid programme remained 'identifiably Australian ... a projection of [Australian values] abroad' should be retained. Achieving this goal, he argued, required that AusAID engage only firms registered in Australia, or New Zealand, as required by the Australian-New Zealand Closer Economic Relations (ANZCER) agreement.<sup>19</sup>

### ***The Asian financial crisis, governance and the aid agenda***

In 1997, what became known as the Asian financial crisis struck many of the Asian countries, notably Indonesia, Thailand and South Korea, which had experienced some

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15 AusAID, *One Clear Objective*, pp.99-117.

16 Alexander Downer, *Better Aid for a Better Future*, p.2.

17 Ravi Tomar, *The Future of Australia's Overseas Aid Program: Government Response to the Simons Report*, Canberra, Foreign Affairs Defence and Trade Group, 1998.

18 AusAID, *One Clear Objective*, pp.181-209.

19 Alexander Downer, *Better Aid for a Better Future*, p.11.



years of rapid economic growth. Its immediate trigger was the sudden withdrawal of significant volumes of the Foreign Direct Investment (FDI) that had fuelled growth in the Asian 'tigers' and 'tiger cubs'.<sup>20</sup> This departure of capital in turn caused a withdrawal of Asian investment from the Pacific islands, leading to economic contraction and loss of state revenue and consequent deterioration in public services. The most extreme example of this effect occurred in Solomon Islands, the economy of which was hugely dependent on logging operations conducted by Asian logging companies that sold the timber in Asian markets.<sup>21</sup> Fiji's garment industry was threatened with the loss of its tariff-free access to the Australian market after a currency devaluation driven by the crisis affected its compliance with the rules of origin of the SPARTECA agreement. To avoid losing this access, the Fijian government successfully lobbied Minister Downer to grant a temporary derogation of those rules.<sup>22</sup>

A lasting effect of the financial crisis was the shift in the focus of Australian development assistance policies towards issues of 'governance', a loosely defined term that referred to transparent, accountable and equitable resource management.<sup>23</sup> In making this shift, AusAID followed a path established by the World Bank beginning with a 1989 report on sub-Saharan Africa<sup>24</sup> that drew on the New Institutional Economics (NIE) to address problems of development.<sup>25</sup> The substance of this analysis was that characteristics of markets, notably 'transaction costs' and 'imperfect information', could prevent them from delivering economic growth.<sup>26</sup> If effective governance could prevent these 'market failures', it was argued, then so could

20 For more details of the Asian financial crisis, see Ross H. McLeod & Ross Garnaut, *East Asia in Crisis: From Being a Miracle to Needing One?*, London, Routledge, 1998.

21 Te'o I. J. Fairbairn, 'Pacific Island Economies: Performance, Growth Prospects and the Impact of the Asian Economic Crisis', *Asian-Pacific Economic Literature*, Vol.13, No.2, 1999, p.50.

22 'Australian Trade Concession to Save Jobs', *BBC Monitoring Service: Asia-Pacific*, 1 May 1998.

23 David Richardson, 'Asian Financial Crisis', *Current Issues Brief*, No.23, 1998; Alexander Downer, *Governance in the Asia-Pacific: Challenges for the 21st Century*, Speech to the Asia Research Centre, Murdoch University, Perth, 18 August, <[http://www.ausaid.gov.au/media/release.cfm?BC=Speech&ID=5174\\_7737\\_8268\\_5854\\_8375](http://www.ausaid.gov.au/media/release.cfm?BC=Speech&ID=5174_7737_8268_5854_8375)> (accessed on 25 September 2007), 1999; AusAID, *Lessons From the Asian Financial Crisis*, AusAID, 2009, p.1.

24 World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth*, Washington DC, World Bank, 1989, cited in Susan Cirillo, 'Australia's Governance Aid: Evaluating Evolving Norms and Objectives', Canberra, Asia Pacific School of Economics and Government, ANU, 2006, p.10.

25 Craig Burnside & David Dollar, 'Aid Spurs Growth - in a Sound Policy Environment', *Finance & Development*, Vol.34, No.4, 1997; World Bank, *Assessing Aid: What Works, What Doesn't, and Why*, New York, Oxford University Press, 1998; Craig Burnside & David Dollar, 'Aid, Policies, and Growth', *American Economic Review*, Vol.90, No.4, 2000.

unexpected shocks to the economic system such as those associated with the Asian financial crisis. Confidence in the correctness of this analysis was bolstered by the fact that Australia, which was judged to have good governance, had been left unscathed by the financial crisis. A corollary of the NIE analysis was that aid worked best in countries that pursued the right economic policies and the most effective use of aid is the promotion of 'good governance'.

A key effect of the focus on governance was to increase further the attention paid by donors to the internal affairs of aid recipients. This change had begun with the ending of the Cold War policies of giving aid with the primary purpose of securing allegiance during Gordon Bilney's tenure as the responsible minister.<sup>27</sup> Over the following years, the governance agenda came to encompass a broad range of domestic policies, including the establishment of transparent and accountable legal, economic and civil frameworks, the strengthening of state institutions, and parliamentary and constitutional reform. By 1993, many of the major European and North American aid donors had incorporated all of these aspects of governance into their development assistance programmes.<sup>28</sup>

The geographic focus of Australian development assistance on Asia and the Pacific islands had militated against an early targeting of governance. Prior to the 1997 crisis, sustained economic growth in Asian countries had been seen as evidence that the broader agendas of transparency and accountability were not essential for strong economic performance.<sup>29</sup> While Bilney's promotion of economic reform in the Pacific islands from 1994 could, in hindsight, be seen as an antecedent of the governance agenda, it was only in 1997 that Minister Downer announced that governance would, for the first time, be an explicit focus of the Australian aid programme.<sup>30</sup> He defined governance as the 'competent management of a country's resources in a manner that

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26 A summary of the NIE can be found in Pranab Bardhan, 'The New Institutional Economics and Development Theory: A Brief Critical Assessment', *World Development*, Vol.17, No.9, 1989, pp.1389-95.

27 Martin R. Doornbos, 'Good Governance': The Pliability of a Policy Concept', *TRAMES: A Journal of the Humanities & Social Sciences*, Vol.8, No.4, 2004, p.377.

28 Adrian Leftwich, 'Governance, Democracy and Development in the Third World', *Third World Quarterly*, Vol.14, No.3, 1993, p.611.

29 AusAID, *Economic Governance and the Asian Crisis: An Evaluation of the Australian Aid Program's Response*, Canberra, Commonwealth of Australia, 2003, p.15.

30 Alexander Downer, *Better Aid for a Better Future*, pp.5-6.

is open, transparent, accountable, equitable and responsive to people's needs.' Over the next three years, governance became a progressively more important component of the Australian development assistance programme, rising from 8 percent of the aid budget in 1997-8 to 15 percent in 1999-2000.<sup>31</sup>

The Asian financial crisis of 1997 can thus be seen to have provoked an adjustment to the focus of Australian development assistance that was, by international standards, belated. In adopting the NIE analysis and consequent attention to issues of governance, the government simultaneously brought Australian development assistance into line with international norms and found support for its own economic policies. Driven by technocratic considerations and bureaucratic sources, the change was one of tactics rather than of objectives and forms part of the evolution in the policies of economic development assistance. It is, however, noteworthy that it served to increase the attention paid to the domestic institutions of aid recipients and consequently further reduce the constraining effects of Pacific island sovereignty on Australian policies.

### ***Negotiating trade with the Pacific islands***

The Howard government initially continued its predecessor's approach of advancing the case for trade liberalisation at the yearly Forum Finance Ministers Meeting (FFMM) and FEMM.<sup>32</sup> It advocated that the Pacific islands emulate the transformation of Australian trade policy under the Hawke and Keating governments by liberalising unilaterally according to a model of open regionalism based on that of the Asia-Pacific Economic Cooperation (APEC) forum.<sup>33</sup> However Pacific island leaders, following the advice of their Multilateral Trade Policy Advisor, Roman Grynberg, sought to promote economic integration through regional trade liberalisation.<sup>34</sup> In pursuit of this goal, the 1997 FEMM began discussion of a possible regional PTA, though not necessarily one that included Australia or New Zealand. The FEMM

31 AusAID, *Annual Report 1998-1999*, Canberra, Commonwealth of Australia, 1999, p.69; AusAID, *Annual Report 1999-2000*, Canberra, Commonwealth of Australia, 2000, p.20.

32 William Sutherland, 'Global Imperatives and Economic Reform in the Pacific Island States', pp.466-470.

33 Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou: Trade Policy in the Pacific 1996-2006*, PhD Thesis, University of Melbourne, 2009, pp.128-9.

34 Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou*, p.143.

tasked the PIF Secretariat with producing a report into the available options for achieving free trade among Forum Island Countries (FIC). This report, presented the following year, made the negotiation of a PTA the centrepiece of regional trade policy.<sup>35</sup> In response to this initiative, the Australian and New Zealand governments commissioned a report by the pro-free trade Centre for International Economics (CIE), which presented evidence that only a PTA including Australia and New Zealand would deliver substantial welfare gains.<sup>36</sup>

During this time, the Howard government had begun actively pursuing PTAs with a range of partners, including Singapore, the US, Thailand, Chile, China, Japan, Malaysia and the Gulf Cooperation Council.<sup>37</sup> The emergence of a prospective PTA with the Pacific islands thus coincided with a wider policy of promoting trade liberalisation through regional and bilateral agreements. Like others pursued by the Howard government, the proposed PTA was driven as much by political and strategic objectives as by economic interests.<sup>38</sup> In the case of the Pacific islands, the small volume of trade rendered the costs of negotiating a PTA difficult to justify in terms of the financial benefits that it would bring to Australia.<sup>39</sup> However, the predicted economic benefits to the Pacific islands from liberalised trade meant that a trade agreement could be justified on the basis of development outcomes. Moreover, in implementing a PTA, Pacific island governments would be obliged to make their economies more internationally competitive by liberalising them more generally. The significance attached to this secondary effect can be seen in the argument advanced in the CIE report that a PTA would prove beneficial despite its modelling that predicted material loss in eight of the fourteen Pacific island countries.<sup>40</sup> As former Deputy Secretary-General of the SPF William Sutherland argued, Australian and New

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35 Robert Scollay, *Free Trade Options for the Forum Island Countries*, Suva, South Pacific Forum Secretariat, 1998.

36 Centre for International Economics, *Costs and Benefits of a Free Trade Area Between Forum Island Countries and Australia and New Zealand*, AusAID and the Government of New Zealand, 1998.

37 John Ravenhill, 'Preferential Trade Agreements and the Future of Australian Trade Policy', *Australian Journal of International Affairs*, Vol.62, No.2, 2008, p.123.

38 Ann Capling, 'Australia's Trade Policy Dilemmas', p.235.

39 For instance, Australian exports to the Pacific islands in the 1996-7 financial year totalled approximately \$2bn out of a total of \$104bn. See Australian Bureau of Statistics, *Time Series Spreadsheets*, <[http://abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5368.0Jan 2011?OpenDocument](http://abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5368.0Jan%202011?OpenDocument)> (accessed on 21 March 2011); Asian Development Bank, *Pacific Economic Monitor*, <<http://www.adb.org/Documents/Reports/PacMonitor/pem-issue06.asp>> (accessed on 21 March 2011).

Zealand policy-makers sought to use regional agreements as a means of achieving economic reform without appearing to target particular countries.<sup>41</sup>

A significant influence on Australian trade officials in negotiating trade with the Pacific islands was the role played by the EU. Concurrently with the trade discussions being held in the SPF, the island countries were negotiating a replacement for the Cotonou convention, under which the EU offered unreciprocated market access to the ACP countries. The EU's proposed replacement Economic Partnership Agreements (EPA) would end these concessions and open Pacific island market to exports from the EU.<sup>42</sup> Australian officials were disconcerted by the prospect of the EU gaining access to Pacific island markets on more favourable terms than Australia. Avoiding such an outcome became a key goal of Australian trade negotiations with the Pacific islands over the following years.

In 1998 and 1999, the SPF trade ministers considered proposals for a PTA and commissioned the elaboration of the Pacific Regional Trade Agreement (PARTA).<sup>43</sup> A central point of contention about the prospective PTA was whether it would include Australia and New Zealand. All of the FIC ministers were either sceptical about any agreement or preferred one that did not include Australia and New Zealand. The latter position was a response to the far greater shock to their economies that the inclusion of their primary trading partners was predicted to generate for little immediate benefit, given that their exports already enjoyed tariff-free access to those markets under the SPARTECA and PACTRA.

Australian and New Zealand officials argued strongly for their inclusion in any PTA. An important driver of this position was the principle that, as members of the PIF,<sup>44</sup> Australia and New Zealand were entitled to participate in regional trading arrangements.<sup>45</sup> This sentiment was reinforced by the prospect of the EU entering into

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40 The eight are: Kiribati, Marshall Islands, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Centre for International Economics, *Costs and Benefits of a Free Trade Area Between Forum Island Countries and Australia and New Zealand*, p.x.

41 William Sutherland, 'Global Imperatives and Economic Reform in the Pacific Island States', pp.460-61.

42 Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou*, pp.141-2.

43 Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou*, pp.148-9.

44 In October 2000, the SPF was renamed the PIF.

45 Uncited interviewee with background in Australian diplomacy.

a trade agreement with the Pacific islands. The Australian position also reflected economic analysis elaborated in the CIE report and the interests of the relatively small but nonetheless consequential Australian exports to the Pacific islands.

During 1999 and 2000, the divergence of position between the FICs and Australia and New Zealand over the inclusion of the latter as 'parties principal' to the agreement intensified. The inaugural 1999 Forum Trade Ministers Meeting (FTMM) agreed only that the PARTA would include measures to provide for its application to Australia and New Zealand 'in appropriate ways'.<sup>46</sup> In 2001, an 'umbrella' architecture was agreed, under which PARTA was split into two separate agreements: the Pacific Island Countries Trade Agreement (PICTA), a PTA involving only the FICs; and the Pacific Agreement on Closer Economic Relations (PACER), an agreement to commence negotiations of a PTA that would include Australia and New Zealand. This arrangement satisfied the Pacific island ministers' objective of regional economic integration while responding in a minimal fashion to Australian and New Zealand demands to be included eventually in a PTA.

While the replacement of PARTA by PICTA and PACER was a setback for Australia and New Zealand, it nonetheless satisfied their core objectives. Notably, the PACER 'triggers' ensured that negotiations toward a full PTA would begin at the latest eight years after PICTA came into effect in April 2003, or earlier if so decided by a three-yearly review, and more controversially, immediately upon commencement of negotiations toward a trade agreement between a FIC and a developed country not party to PACER. This final trigger clause effectively prevented the EU from obtaining better access to Pacific islands than Australia or New Zealand.

The 'trigger' clause of the PACER agreement formed the basis of a stridently critical view of the Australian and New Zealand positions by legal academic and activist Jane Kelsey.<sup>47</sup> She argued that PACER represents the attainment of Australian and New Zealand objectives of inclusion in the regional agreement against the wishes of the Pacific islands and is a means to lock the Pacific islands into a neo-liberal paradigm.

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46 Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou*, pp.170-1.

47 Jane Kelsey, *Big Brothers Behaving Badly*, Suva, Pacific Network on Globalisation, 2004; Jane Kelsey, *The Implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PACER)*, Pacific Network on Globalisation (PANG), Suva, 2004.

The fact that Australian and New Zealand negotiators obtained this agreement is, according to Kelsey, a reflection of the power that they exercise through bullying, bamboozling, cultural insensitivity and exploitation of Pacific island reliance on aid and trade.<sup>48</sup> In contrast, Peebles argued that the non-inclusion of Australia in a trade agreement represents a failure of Australian officials to engage sufficiently with the Pacific islands.<sup>49</sup> Interviews with Peebles and another DFAT official revealed that Australian officials were motivated by a sense of justice. They felt that, in seeking to exclude Australia from any trade agreement, Pacific island leaders were keeping Australia on the sidelines of the PIF, and that this was not right. Peebles argued that their failure to bring anything new to the negotiating table gave the FICs no incentive to support Australia's inclusion in the agreement, making it inevitable that they would thwart the Australian objective.<sup>50</sup>

The research conducted for this thesis goes some way to resolving the tension between the analyses of Kelsey and Peebles, and proposes a different explanation for the Australian negotiating position. It is evident that the manners of exercising power enumerated by Kelsey are a matter of perception and the experience of Pacific island representatives is likely to have differed markedly from that of Australian and New Zealand negotiators. Australian officials, used to dealing with other developed or more powerful countries, the culture of tough bargaining that characterises trade negotiations and with little familiarity with the Pacific islands, are likely to have exercised greater power than they were conscious of. Kelsey's charge of cultural insensitivity is thus justified, though more strictly applicable to the culture of trade negotiations than to the Australian or New Zealand governments.

In contrast, Kelsey's other claims are better described as advocacy than as scholarly analysis. The final outcome of the negotiations may have run counter to the wishes of Pacific island governments but neither did it represent the Australian government's preferred outcome. Her claim that Australian negotiators exploited Pacific island dependence on aid and trade in order to lock them into a neo-liberal paradigm

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48 Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou*, p.114.

49 Dave Peebles, *Pacific Regional Order*, Canberra, Asia Pacific Press, 2005, pp.69-76.

50 Dave Peebles, *Pacific Regional Order*, p.75, cited in Andrea Lee Johnston, *Explaining PICTA, PACER and Cotonou*, pp.114-15.

represented a particular reading of the facts. The Australian government took the position that, in exchange for the considerable foreign aid that it disbursed, it could insist that the Pacific islands adopt sound policies. The Australian pursuit of trade agreements with the Pacific islands is thus more accurately described as flawed in its lack of imagination and insensitivity to the vulnerability and particularities of the Pacific islands than as the brazen ‘power grab’ described by Kelsey.

The shift from promoting unilateral trade liberalisation in the Pacific islands to negotiating a regional trade agreement reflects a particular coincidence of factors. The established approach to development assistance based on promoting economic reform in the Pacific islands aligned with the Howard government’s turn to regional and bilateral trade agreements. Meanwhile concern among foreign policy officials that Australia be included in any regional agreement was supported by Australian commercial interests.

The pursuit of trade liberalisation through trade agreements provides a rare example of a significant initiative that became institutionalised and has been pursued assiduously ever since. As its genesis lay in the promotion of economic reform as a tool of development policy, it forms part of a policy domain that has been characterised by continuity and evolution throughout the period researched in this thesis. In this case, the shift was doubly institutionalised as development assistance and as part of the broad thrust of Australian trade policy. Australian trade officials approached negotiations with the Pacific islands in a manner comparable with that adopted toward other trading partners. Thus, while the institutionalisation of trade negotiations with the Pacific islands ensured that the pursuit of a regional trade agreement became an enduring feature of Australia’s trade policy, it also meant that those negotiations were conducted in a manner that paid little heed to the particularities of the Pacific islands.

### ***Bougainville: the Sandline affair***

Until 1997, the Howard government’s approach to the Pacific islands was characterised by evolutionary changes under the influence of the new government’s



outlook and by global changes in development assistance policies. In early 1997, events in the form of the presence in PNG of the private military company Sandline International once again drove a more dramatic shift in Australian engagement. Led by Prime Minister Howard, the government responded strongly to the strategic threat that it perceived, firstly by ensuring that the Sandline personnel departed, and secondly by reinvigorating Australia's involvement with the peace process in Bougainville. This episode marked a critical point in the evolution of Australian policy, greatly increasing the readiness to become involved either through direct intervention or through engaging with multilateral initiatives.

On 31 January 1997, frustrated by a series of military setbacks and confronted with a looming election, PNG Prime Minister Julius Chan secretly signed a contract with Sandline International, a private military company based in England, to assist in achieving a final victory in its ongoing conflict with the secessionist BRA.<sup>51</sup> An operation was planned, codenamed *Project Contravene*, in which Sandline International would act as a broker for the supply of military personnel and material by the South African company, Executive Outcomes. Despite the explicit wishes of the PNG government to keep this information secret,<sup>52</sup> the Australian intelligence community had been aware for some time of the PNG government's consideration of the possible engaging of private military contractors.<sup>53</sup> In a manner emblematic of the lack of attention that government and bureaucracy paid the Pacific islands at this time, this information was not acted on until mid-February, when an Australian military attaché noticed the unusual presence of an Antonov transport aircraft at Jackson Airport in Port Moresby and relayed the news to Canberra.<sup>54</sup>

This information was discussed initially by senior officials in DFAT, PM&C and the Office of National Assessments (ONA), who briefed senior ministers, including Howard and Downer, on 18 February.<sup>55</sup> This discussion identified three key problems that the presence of Sandline personnel in PNG presented to Australia. First, they

51 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Bougainville*, pp.29-30.

52 'Project Contravene', in Sinclair Dinnen, Ron May et al (eds), *Challenging the State*, p.164.

53 Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008; Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.1.

54 Tim Spicer, *An Unorthodox Soldier: Peace and War and the Sandline Affair*, Edinburgh, Mainstream, 1999, p.169.

55 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, pp.1-6.

would probably kill many people and, in so doing, render more difficult the attainment of a settlement in Bougainville. Second, it was likely that they would seize control of Bougainville themselves and re-open the mine, as mercenaries had been known to do in Africa. Third, their presence would destabilise an already delicate political structure in PNG, possibly resulting in a military coup.

Howard, who was particularly exercised by the turn of events, had an instinctive and emotional response to the idea of foreign mercenaries in Australia's part of the world.<sup>56</sup> In consultation with senior ministers, advisors and senior bureaucrats, he resolved that the official Australian position would be that the actions of the PNG government were intolerable because they set a dangerous precedent and would hinder the attainment of a peaceful settlement in Bougainville.<sup>57</sup> The immediate Australian response would therefore aim firstly, to prevent the proposed operation in Bougainville from taking place, and secondly, to ensure that the foreign personnel associated with the operation left PNG.

Having decided on these clear objectives, the government, DFAT and DoD were faced with the question of how to pursue them. They began with the least complicated method – persuasion. Howard immediately communicated the government's position by telephone to Chan. Downer, who was coincidentally leaving on an official visit to PNG the following day, did the same in person. PNG leaders were not receptive to these representations, which was hardly surprising given that the Australian government's refusal to assist them in defeating the BRA was one of their justifications for engaging Sandline.<sup>58</sup> Howard applied greater force through warnings, veiled and overt, of the consequences for the future of foreign aid, the DCP and the bilateral relationship more generally if the operation were to go ahead.<sup>59</sup>

The government sought to increase the weight of its threat by convincing other national governments, international institutions and the media to join Australian

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56 Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008.

57 Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008; Alexander Downer, *The Bougainville Crisis*, p.14.

58 Craig Skehan & Lucy Palmer, 'PNG Out in the Cold on Rebels Plan', *SMH*, 25 February 1997, p.1; 'Project Contravene' in Sinclair Dinnen, Ron May et al (eds), *Challenging the State*, pp.154-5; Tim Spicer, *An Unorthodox Soldier*, p.155.

59 John Howard, *Interview conducted by the author*, Sydney, 17 February 2011.

condemnation of the PNG government's project. In PNG, Downer instructed the Australian High Commissioner to disclose Australian intelligence about the operation to other Western diplomats. Officials in Canberra briefed visiting IMF official Stanley Fischer on the situation. Downer held a meeting with Mary-Louise O'Callaghan, at the time Pacific correspondent for *The Australian*, providing her with material for the story, which she broke in an article in the *Weekend Australian* on 22 February.<sup>60</sup> This wide diffusion of the story and the government's position helped to make the Sandline affair highly prominent in the Australian media.

The information and media offensive served to attract support for the Australian position both within Australia and by other key international players with influence on the PNG government. Its success can be judged by the official condemnation by the US, UK and New Zealand of the plans, and suggestions by the World Bank, IMF and ADB that PNG's eligibility for assistance might be compromised by the Sandline contract.<sup>61</sup> Australian public opinion also strongly supported the objective of preventing the use of mercenaries in Bougainville.<sup>62</sup> In Parliament, the opposition and minor parties supported the government's stance or argued for still stronger sanctions on PNG than those threatened.<sup>63</sup> There was thus a broad consensus in the Australian policy community and public in favour of strong Australian action in pursuit of the objectives identified by the government.

Given the high level of support for its objectives, it is worth noting that the extent of the measures that were in fact imposed by the government reveal something of the constraints on its actions. Beyond the twin strategies of threatening to withdraw development and military assistance, and mobilising support in Australia and other donor countries and institutions with an interest in PNG, few options presented themselves. In one instance, Howard softened the threats by suggesting a settlement

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60 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008; Mary-Louise O'Callaghan, 'Downer's Tripwire Act over Secessionist Island', *Weekend Australian*, 22 February 1997, p.1.

61 Greg Roberts, 'US, Britain Join Calls to Stop Hired Guns', *SMH*, 1 March 1997, p.17; Greg Roberts, 'Banks Squeeze PNG over Funding for Mercenaries', *SMH*, 12 March 1997, p.1.

62 Craig Skehan & Lucy Palmer, 'PNG Out in the Cold on Rebels Plan', *SMH*, 25 February 1997, p.1.

63 See, for example, Senator Dee Margetts in Commonwealth of Australia Senate, *Parliamentary Debates (Hansard)*, 3 March 1997; Kim Beazley Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 18 March 1997, p.2264.

involving additional military assistance to PNG, an offer rebuffed by Chan.<sup>64</sup> Applying greater force would have required a credible threat of direct military intervention, a measure that would violate PNG sovereignty and international norms of state behaviour, and could not be justified by any direct threat to Australian interests. In practice, the government took the opposite tack by seeking to minimise the impression that it was interfering in the internal affairs of PNG. For example, it framed warnings over the proposed use of private military companies around the possible misuse of Australian aid. In this context, statements such as those by Defence Minister Ian McLachlan that 'We will do everything we can to make sure they go away' lacked conviction.<sup>65</sup>

Ultimately, the lengths to which the Australian government would go in pursuit of its objectives were not tested as, less than a month after the stand-off commenced, events in PNG took an unexpected turn. On 16 March, the Commander of the PNGDF, Brigadier-General Singirok, launched Operation *Rausim Kwik*<sup>66</sup> to remove Sandline personnel from the country. While achieving the immediate Australian objectives, this move introduced into the situation the still more disconcerting possibility of a military uprising in PNG. Supported by the police, the PNG government managed to remain in command, and responded by sacking and replacing Singirok days later. However, the emergence of a domestic challenge to its authority seriously weakened the government, and left Chan fighting for his political survival.

The replacement of the threat posed by the presence of private military contractors with that of disunity within and between the PNG government and military changed the situation that Australian policy-makers confronted in several important ways. The threat posed by internal instability was a more familiar one and drove familiar responses. The first priority was thus to ensure the security of Australian nationals, if necessary by deploying the ADF to effect evacuations. Next, the government sought to strengthen the rule of law in PNG by providing support to its democratically elected government.<sup>67</sup> The emergence of a challenge to the legitimate government

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64 Craig Skehan, 'Howard Move to Head Off Mercenaries', *SMH*, 11 March 1997, p.8; Craig Skehan, 'Sarcastic Chan Rebuffs Howard', *SMH*, 14 March 1997, p.9.

65 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.3.

66 'Rausim kwik' is Tok Pisin for 'Get rid of them quickly'.

67 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.4.

meant that the deployment of the ADF in its defence could much more readily be contemplated. This in turn meant that the threat to intervene militarily gained credibility.

The division between Chan and Singirok introduced a novel element that could be exploited tactically as both camps sought support from Australia. The government pursued the diplomatic strategy of leaving Chan with the impression that Australia would not intervene but convincing Singirok that it might if the situation became 'uncontrollable'.<sup>68</sup> Taking advantage of Chan's need for political support, Howard dispatched a three-member delegation comprising DFAT Secretary Philip Flood, Defence Deputy Secretary Hugh White and head of the International Division of PM&C Allan Taylor. In a personal meeting held on 20 March, the delegation repeated to Chan the inducements and sanctions related to the aid and DCP programmes. Chan attempted to strike a bargain involving Australia's paying some US\$30 million to buy out the Sandline contract, a proposition rejected by the Australians.<sup>69</sup> Chan's weakened position was evident in the fact that he nonetheless promptly had the Sandline personnel removed from PNG territory on a chartered flight. Under continued pressure from the military and public protest over the affair, Chan then resigned as prime minister, along with his deputy, Chris Haiveta, and Defence Minister Mathias Ijape, pending an inquiry. Reinstated briefly as prime minister in June after claiming that the inquiry exonerated him, he lost the general election the following month. This put a definitive end to the Sandline affair.

The incidents that comprise the Sandline affair stand out for the number and immediacy of the journalistic and academic accounts they provoked.<sup>70</sup> O'Callaghan described the affair as marking the most serious strain ever to affect the PNG-Australia relationship.<sup>71</sup> Nonetheless, few of these writings relate the episode to the broader thrust of Australian policy-making in the Pacific islands. In one exception,

68 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.5.

69 Philip Flood, 'Philip Flood, AO', in Trevor Wilson & Graham Cooke (eds.), *Steady Hands Needed: Reflections on the role of the Secretary of Foreign Affairs and Trade in Australia 1979-1999*, Canberra, ANU E Press, 2008, p.70.

70 These included a Gold Walkley Award-winning report, two books of journalistic accounts and one of academic analyses. Errol Simper, 'Gold Walkley for PNG Sandline Scoop', *Australian*, 4 December 1997, p.1; Mary-Louise O'Callaghan, *Enemies Within: Papua New Guinea, Australia and the Sandline Crisis*; Sean Dorney, *The Sandline Affair*; Sinclair Dinnen, Ron May et al (eds), *Challenging the State*.

O'Callaghan explained the urgent desire to exclude the Sandline personnel from PNG in terms of the defence policy of 'strategic denial' of rival parties seeking access to or influence in PNG.<sup>72</sup> Her analysis is accurate in identifying this continuity in Australian policies based on perceived threats to Australian strategic interests. However, alongside this commonality, there were important differences, notably in the kind of entity, the threat that it was perceived to pose, and the tactics that were invoked in order to counter it.

A second analysis of Australian foreign policy during the Sandline affair was used by Allan Gyngell and Michael Wesley to illustrate their thesis that Australian foreign policy-making is characterised by collegiality among ministers and senior bureaucrats.<sup>73</sup> The research conducted for this thesis paints a slightly different picture from theirs in that the Australian response was led by the prime minister. Moreover, the Sandline affair was not simply a typical case of Australian foreign policy-making but marked a pivotal moment in the evolution of Australian policies toward the Pacific islands. It heralded a dramatically increased willingness to intervene, and came close to being the first substantial deployment of the ADF since the Vietnam War.<sup>74</sup> It also greatly invigorated Australian involvement in settling the long-standing Bougainville conflict.

### ***Bougainville: invigorated engagement***

The crisis and subsequent resolution of the Sandline affair demonstrated to the government that Australia had a great deal at stake in Bougainville. Over the following years, Foreign Minister Downer led an Australian diplomatic effort that contributed to a resolution based on greater autonomy for the province. His dedication to this engagement allowed for some novel approaches to the problem, notably the subordination of Australian interests in the Panguna mine and re-evaluation of Australian complicity in the conflict. The imperative of working closely

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71 Mary-Louise O'Callaghan, *Enemies Within: Papua New Guinea, Australia and the Sandline Crisis*, p.115.

72 Mary-Louise O'Callaghan, 'Sandline: Australia's Wake Up Call – Have We Heard It?', *The Sydney Papers*, Vol.11, No.4, Spring 1999, p.116.

73 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, pp.1-6.

74 Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008.

with the New Zealand government in Bougainville set a precedent of close collaboration between the two countries in their dealings with the Pacific islands.

In his account written some years later, Minister Downer emphasised his desire on taking office to dispel 'a sense of fatigue and lack of direction' in the relationship between Australia and PNG.<sup>75</sup> However, beyond continuing to facilitate peace talks, providing humanitarian aid and using ministerial-level contact to press the PNG government to resolve the conflict, few options had hitherto presented themselves. By 1997, after some nine years of mostly low-level open conflict, there appeared little cause for hope of an imminent resolution. The Sandline affair proved to be a 'circuit breaker', providing a fillip to the largely ineffectual peace processes.

The Sandline affair had also affected the attitude of the belligerents in the conflict and the population at large in favour of a peaceful resolution.<sup>76</sup> Peace talks, which had been held on a fairly regular basis since the outbreak of fighting in 1989, began for the first time to bear fruit in two rounds held at Burnham military base in New Zealand in July and October 1997. In the interval between these two meetings, Downer took a series of steps to increase Australian involvement in the peace process. He reversed a long-standing policy of refusing official contact with the BRA and met with its official representative, Moses Havini. In a meeting with the new prime minister, Bill Skate and Foreign Minister Kilroy Genia, he restarted the suspended aid agreement, offering \$100m over five years toward repairing infrastructure and restoring services on Bougainville.<sup>77</sup> In a move that was important not only for the Bougainville peace process but because it began a pattern of cooperation between Australia and New Zealand, Downer and his counterpart, Don McKinnon, agreed that the two countries would work together in Bougainville.<sup>78</sup>

75 Alexander Downer, *The Bougainville Crisis*, p.15.

76 Anthony J. Regan, 'Preparation for War and Progress toward Peace – Bougainville Dimensions of the Sandline Affair', in Sinclair Dinnen, Ron May & Anthony J. Regan (eds.), *Challenging the State: The Sandline Affair in Papua New Guinea*, Canberra, National Centre for Development Studies, RSPAS, ANU & Department of Political and Social Change, RSPAS, ANU, 1997, pp.49-72; Joint Standing Committee on Foreign Affairs, Defence and Trade, *Bougainville*, pp.58-59; Robert Tapi, 'From Burnham to Buin: Sowing the Seeds of Peace in the Land of the Snow-Capped Mountains', *Accord*, Vol.12, August 2002, <[http://www.c-r.org/sites/www.c-r.org/files/Accord\\_12\\_6FromBurnham\\_to\\_Buin\\_2002\\_ENG.pdf](http://www.c-r.org/sites/www.c-r.org/files/Accord_12_6FromBurnham_to_Buin_2002_ENG.pdf)> (accessed on 29 March 2011).

77 Shirley Scott, 'Issues in Australian Foreign Policy: July-December 1997', *Australian Journal of Politics and History*, Vol.44, No.2, 1998, pp.231-2.

78 'ANZAC Force on Cards for Bougainville', *Australian*, 23 August 1997, p.12.

Accompanying this shift in strategy toward recognising the BRA and cooperating with New Zealand, Downer made the symbolic concession that the Australian government and business community had a record of being 'patronising and paternalistic'.<sup>79</sup> This acknowledgement could be seen as an effort to make amends for the damage to diplomatic relations with the Pacific islands that had been caused when, at the July FEMM in Cairns, a Treasury official failed to retrieve a briefing paper prepared by the ONA containing unflattering assessments of many Pacific island leaders.<sup>80</sup> However, Downer went further in explicitly distancing himself from earlier Australian approaches to the Bougainville conflict. Given Downer's and Howard's generally steadfast refusal to admit errors in their dealings with foreign leaders, particularly those of the Pacific islands, this concession is evidence of their seriousness.

A further indication of the strength of the government's commitment can be seen in Downer's statement at the end of 1997 that the future of the Panguna mine was a 'non-issue' in the peace process.<sup>81</sup> Publicly, Downer sought to minimise this shift, claiming that the Australian government was in no case driven by commercial interests and that Rio Tinto was equally reconciled to the possibility of the mine never re-opening. However, according to interviews conducted in the course of this research, prior to the Sandline affair Australian officials saw re-opening the mine as a key objective. Prioritising a peaceful settlement over the re-opening of the mine thus marked a distinct change.

From mid-1997, Australian involvement in the Bougainville peace process, and more broadly in PNG, grew substantially. Reflecting his acknowledgement that Australia was implicated in the history of the conflict, Downer left the lead role in facilitating peace negotiations to New Zealand. Australia's contribution was less visible but included some of the 'heavy lifting', which its greater resources permitted, notably airlifting participants in the second Burnham talks from Bougainville to New Zealand. From December 1997, Australian troops participated in the Truce-Monitoring Group (TMG) and Peace Monitoring Group (PMG). Once again, New Zealand led these

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79 Don Greenlees, 'Downer Pledges \$100m for Bougainville', *Australian*, 26 August 1997, p.9.

80 Craig Skehan, 'Australia Scorns Pacific', *SMH*, 19 July 1997, p.1.

81 Don Greenlees, 'Downer Writes off Mine for Peace Sake', *Australian*, 24 December 1997, p.2.



initiatives, which also included troops from Fiji and Vanuatu. Over the following year, talks were held in Cairns, Lincoln University in New Zealand and Arawa and Buin, in Bougainville. The Buin Declaration, signed on 22 August 1998, effectively ended the conflict by calling for the constitution of Bougainville as an autonomous region and the establishment of the Bougainville Reconciliation Government (BRG).

Australian participation in the TMG and PMG and the success of the peace process had important consequences for future Australian engagement with the Pacific islands. They increased confidence within DFAT and the government about the prospects for an improvement in the situation in the Pacific islands and the positive role that Australia could play in that process.<sup>82</sup> This in turn helped to improve the prestige and consequent desirability within the bureaucracy of working on the Pacific islands. Many of the personnel in the Bougainville missions continued their involvement with Australian policies in the Pacific islands. Two of these people were interviewed in the course of this research project. Former peace monitor Dave Peebles became a trade negotiator, and completed a PhD and book describing his proposal for a Pacific regional community. He also worked as advisor to the ALP opposition spokesman for Pacific island affairs, Bob Sercombe, from 2005 to 2007.<sup>83</sup> A second interviewee was the deputy commander of the first TMG, James Batley, a career diplomat, who has made the Pacific islands his speciality and held key positions, including High Commissioner to Solomon Islands, Special Coordinator of the Regional Assistance Mission to Solomon Islands (RAMSI) and High Commissioner to Fiji.

As Australia became more engaged with PNG, tension arose with its prime minister since July 1997, Bill Skate. Skate's government was plagued by defections, economic difficulties and allegations of patronage and corruption.<sup>84</sup> A secret video recording was released in November 1997, in which Skate and others spoke openly about

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82 Uncited interviewee with background in Australian diplomacy.

83 Dave Peebles, *Pacific Regional Order*.

84 See Bill Standish, *Papua New Guinea 1999: Crisis of Governance*, Canberra, Department of the Parliamentary Library, Commonwealth of Australia, <<http://www.aph.gov.au/binaries/library/pubs/rp/1999-2000/2000rp04.pdf>> (accessed on 5 June 2007), 1999.

political bribes and a gangland killing.<sup>85</sup> Faced with defections from his government and an economic crisis, Skate prorogued Parliament for six months from November 1998 in order to avoid facing a vote of no-confidence, and in July 1999 appealed to Taiwan for financial assistance in exchange for diplomatic recognition. The Australian government, which had hitherto limited itself to expressions of disappointment with the actions of the PNG government,<sup>86</sup> moved more overtly to undermine Skate by making his manoeuvres public knowledge.<sup>87</sup> While it is unlikely that this action was critical to Skate's decision to resign and the subsequent election victory of his rival, Mekere Morauta, it is indicative of an Australian government prepared to wield its authority in order to influence political outcomes in the Pacific islands. Moreover, the fact that Morauta's election was the Australian government's preferred outcome further bolstered its confidence in its abilities.

The Sandline affair thus drove a dramatically reinvigorated Australian engagement in PNG. A crisis presented by the presence of personnel of a private military company in the region provoked Howard to drive a re-conceptualisation of the region based on a discourse of regional security. The urgent immediate response to this crisis paved the way for a significant re-evaluation of Australian policy objectives and strategies for pursuing them. Downer's revised approach giving priority to the attainment of peace and a negotiated settlement in partnership with other stakeholders was successful in achieving both of these objectives. This engagement gave a number of individuals who would go on to be key actors in Australian engagement with the Pacific islands their first experience in the region and boosted the profile of the Pacific islands in the bureaucracy.

### ***Neglect: benign and harmful***

Despite the impetus that the Sandline affair gave to Australian policy-making, the invigoration of Australian engagement with the Pacific islands was brief. As the sense of urgency engendered by the crisis diminished following the end of the

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85 Craig Skehan, 'Secret Tapes Implicate PM', *SMH*, 17 November 1997, p.16; Craig Skehan & Hamish McDonald, 'PNG Leader Boasts of Kill Order', *SMH*, 29 November 1997, p.1.

86 For example, Alexander Downer in Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 10 December 1998, p.1867.

87 Paul Kelly, 'Canberra's Spies Put Skids Under PM', *Australian*, 8 July 1999, p.1.

conflict, confidence gave way to complacency and engagement was replaced by neglect. Symptomatic of its often reactive nature, Australian policy-making effectively stalled in the absence of events that necessitated a policy response. While a series of natural disasters in PNG demanded Australian attention, they did not challenge existing policies and were largely handled at a bureaucratic level. The resulting mainly benign neglect of the Pacific islands by senior officials was compounded by the diversion of their attention to East Timor. In contrast, Prime Minister Howard's perceived insensitivity over the implications of climate change signalled a neglect that was harmful to relations with the Pacific islands.

In 1997 and 1998, PNG suffered two very different natural disasters: a drought related to the El Niño weather pattern and a tsunami that struck a remote part of its coast.<sup>88</sup> In both instances, Australian aid officials led a rapid and comprehensive response that included sending assessment teams, mobilising military personnel and equipment and providing emergency supplies.<sup>89</sup> In each case, the Australian response was technical and bureaucratic rather than political and was managed and delivered by agencies including the ADF and AusAID. Though the government supported these measures as a matter of course, it had little influence on them. Its response thus did not interrupt the political neglect and policy drift in its relations with the Pacific islands.

Commentator and journalist Graeme Dobell notes that the Australian response to these natural disasters extended beyond providing assistance to effectively taking charge of the entire relief operation. He thus argues that they provide a benign example of the Australian proclivity to dominate the Pacific islands. Dobell's analysis is consistent with the proposition that Australian disaster relief operations represent an extension of the strengthened engagement with the region that Howard initiated in his response to the Sandline crisis. Indeed, the fact that these natural disasters unfolded as Downer was giving the utmost priority to tackling the Bougainville conflict meant that demonstrating Australian support for PNG could be seen as part of the same strategy. Nonetheless, the reactive nature of the Australian response militates against interpreting it as part a proactive engagement. Rather, the proclivity

88 Lucy Palmer, 'Cry For Help As Our Neighbours Start To Die', *SMH*, 15 September 1997, p.1; Stephen Gibbs, 'Our Planes Fly in Relief Team', *SMH*, 20 July 1998, p.9.

89 Graeme Dobell, 'Australia's Intervention Policy: A Melanesian Learning Curve?', p.59.

to dominate the region that Dobell accurately identifies is more likely a result of the culture of the Australian agencies and their superior capabilities.

During 1998 and 1999, long-standing tension in East Timor came to a head, culminating in a referendum and subsequent independence from Indonesia. The Australian government was involved in many aspects of this process, engaging Indonesia diplomatically, contributing military personnel and development assistance and playing a leading role in reconstruction and development in East Timor. The details of this involvement fall outside the scope of this thesis, beyond a statement of two major consequences for Australian engagement in the Pacific islands, which also correspond with the two themes of this chapter. First, the apparent success of the state-building project in East Timor reinforced the confidence felt in the Australian government and bureaucracy that Australia could play a positive and constructive role in promoting regional security and development. Second, the dramatic and unprecedented separation of East Timor from Indonesia drew attention away from the Pacific islands and contributed to their general neglect by high-level policy-makers.

The issue of global climate change sparked a third example of Australian neglect of the Pacific islands that was positively harmful to its relationship with them. This issue had been evident at the 1996 SPF heads of government meeting but came to the fore in 1997.<sup>90</sup> At the meeting held that year in Cook Islands, Howard stuck firmly to his position of rejecting binding commitments to cut greenhouse gas emissions, refusing to negotiate a consensus and causing a split within the SPF. In a manner that recalled his refusal to countenance a formal apology to Aboriginal Australians,<sup>91</sup> Howard accused leaders of exaggerating the threats that Pacific islands faced from rising sea levels. His apparent lack of ease among Pacific islanders, including his declining an invitation to join a traditional dance, contrasted with Bilney's gregariousness and enthusiasm for ceremony. Even the crew from the jets that brought the Australian delegation to Cook Islands stayed 1,000 kilometres away in Tahiti, further reinforcing

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90 Craig Skehan, 'Islands Slam Greenhouse Stand', *SMH*, 3 September 1996, p.8; Craig Skehan, 'Howard Plays Down Rising Sea Fears', *SMH*, 19 September 1997, p.5; Craig Skehan, 'Howard Fails To Head Off Bid On Greenhouse Emissions', *SMH*, 20 September 1997, p.9.

91 Ben Mitchell & Laura Tingle, 'More Rage Over Lack of Apology', *The Age*, 28 May 1997, p.1.

the perception of Australian disdain for the FICs.<sup>92</sup> Howard did not attend the meetings the following two years, instead sending other ministers in his place. These incidents illustrated Australian neglect that, as on other occasions, led to a rapid cooling of relationships with the Pacific islands.

From 1998, despite the continuing trade negotiations and responses to natural disasters, the Australian government paid little attention to the Pacific islands and the evolution of Australia's relationship with them. With no events capturing high-level attention, the consequences of this neglect were not obvious. Even as the government generated resentment in the Pacific islands by appearing insensitive over issues such as climate change and the 1997 FEMM briefing paper, there appeared in Australia little reason to be concerned by the state of relations with the Pacific islands. The government retained the confidence that its early policy successes had generated as the slide toward neglect continued. It would take the next episode of social and political drama in 2000 to once again demonstrate to Australian policy-makers the consequences of this neglect.

### ***Conclusions***

The Howard government brought a distinctive approach to foreign policy, based on bilateral relations with key partners driven by national interest calculations. For the Pacific islands, this approach signified a general downgrading of the special status they had been accorded under the Keating government. Its most immediate manifestation, the abolition of the junior ministry with responsibility for Pacific island affairs, caused an inevitable reduction in the level of ministerial attention they would receive. A second effect was the negotiation of a regional PTA, which effectively institutionalised Australian trade policy toward the Pacific islands. As Downer became more familiar with the intricacies of Australian foreign policy, his initial strongly principled approach to development assistance gave way to one that left ample leeway for consideration of national interests.

While the government's broader foreign policy stance brought some evolutionary changes in its approach to the Pacific islands, it did not affect the largely reactive

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92 'No Room at the Inn for Air Force One', *Australian*, 20 September 1997, p.16.

nature of its engagement, which completed a full cycle between 1997 and 2000. The presence of private military personnel in PNG stirred the requisite sense of crisis based on a discourse of regional security. Prime Minister Howard instigated a rapid and decisive response, while Foreign Minister Downer followed with a dedicated and successful contribution to the Bougainville peace process.

Following the invigorated engagement sparked by the Sandline crisis, ministerial attention once again waned. The bureaucracy handled comprehensive responses to natural disasters, while the government was distracted by events in East Timor. The specific issue of climate change highlighted the gulf between the Australian and Pacific island governments. Howard's failure to attend SPF meetings reinforced the perception of a distant and neglectful Australia. The 1997 Asian financial crisis served to increase Australian confidence and drive it to follow the example of other aid donors in targeting governance in their development assistance. The more serious consequences of the crisis would not become apparent to Australian officials until the virtual collapse of the Solomon Islands state in 2000, a key driver of the events covered in the following chapter.

## 6 – A brief and glorious period: 2000-2003

### *Introduction*

By 2000, the Howard government had become assured in its approach to the Pacific islands. It had played an important role in the resolution to the Bougainville crisis and the transition to independence in East Timor. In the process, it had gained a great deal of confidence in its ability to defend Australia's national interests while promoting growth and stability in the region. It enjoyed excellent relations with the regional giant, PNG, whose prime minister since 1999, Mekere Morauta, was a strong supporter of Australia's regional agenda. For the Australian government, those years represented what Foreign Minister Alexander Downer would describe as a 'brief and glorious period'<sup>1</sup> in Australia's relationship with the Pacific islands.

Against this background, a series of dramatic events in the region occurred within a short space of time, abruptly focusing the attention of Australian policy-makers onto the Pacific islands. The illegal overthrow of the Fiji and Solomon Islands governments in 2000 sparked descriptions of 'turmoil' and 'crisis' in the Pacific islands.<sup>2</sup> These events nourished a novel discourse that made a hard-headed prognosis for the Pacific islands, identifying in them many dysfunctions found in African countries.

However, it was the government's confidence in its ability, rather than the crisis proposed by the 'Africanisation' thesis, that framed its response to the events in Fiji and Solomon Islands. It modelled its policies on those that had been applied following the previous coups in Fiji and the Sandline crisis. In contrast, the domestic problem of undocumented boat arrivals provoked a radical new form of Australian engagement in the form of offshore detention centres under what became known as the 'Pacific solution'.

The period from the political drama in Fiji and Solomon Islands in 2000 until the shift to direct intervention in early 2003 represents a fourth, somewhat atypical, iteration of the engagement cycle. It was remarkable that the engagement in Solomon Islands took place without the involvement of any clearly identifiable policy entrepreneurs or

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1 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

2 Greg Sheridan, 'One Revolt Leads to Another', *Australian*, 6 June 2000, p.1; Mary-Louise O'Callaghan, 'Solomons' Copycat Coup', *Australian*, 6 June 2000, p.1.

novel understanding of the situation, and was discontinued abruptly once it became apparent that it had failed. The government's subordination of its governance agenda in the Pacific islands to the political goal of keeping asylum-seekers out of Australia represented a particularly stark intrusion of unrelated objectives.

This chapter describes the political crises in Fiji and Solomon Islands and analyses their failure to spark the kind of renewed engagement typical of the engagement cycle. It explains the weak uptake of the potentially influential 'Africanisation' thesis by its lack of clear policy implications. In addition, the government's great confidence in its abilities militated against its receptiveness to novel approaches in Solomon Islands. Nonetheless, weak institutionalisation facilitated the subordination of its engagement to the unrelated domestic political imperatives that gave rise to the 'Pacific solution'.

### ***Background: confidence and neglect***

The period covered in this chapter can be seen as a prolongation of that covered in the previous chapter. The confidence instilled by the successful resolution to the Sandline affair and subsequent negotiated settlement of the Bougainville conflict had been augmented by the role that Australia was playing in East Timor. The poor relationship with PNG under Prime Minister Bill Skate, Chan's successor, was turned around when Mekere Morauta was overwhelmingly elected in a parliamentary vote in July 1999. While the Australian government, keen to downplay criticism that it had supported Morauta, limited itself to a message of congratulations, Australian diplomatic staff and businesspeople were delighted by the change of government.<sup>3</sup> However, it was no secret that Morauta's credentials as a former reserve bank governor, technocratic economic policies and support for Australian objectives in PNG made him welcome.

The Australian government responded rapidly to boost financial support to PNG. Foreign Minister Downer, Treasurer Peter Costello and Prime Minister John Howard visited Port Moresby, a disbursement of Australian aid was expedited, an additional loan was announced and assurances given that Australia would press PNG's case for

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3 Greg Bearup, 'Boardrooms Cheer Their "Potential Saviour"', *SMH*, 15 July 1999, p.9.



further assistance at the forthcoming APEC ministerial meeting.<sup>4</sup> Morauta delivered on his promises, rapidly normalising relations with the World Bank and IMF, which Skate had broken off, and was rewarded with substantial financial assistance.<sup>5</sup>

Despite this engagement with PNG, the Howard government slipped into a period of complacency in its relationship with the Pacific islands. A number of factors can be seen to have contributed to this state of affairs, notably the relative ease with which the government had implemented its agenda over the preceding years and handled the small number of issues that had arisen. Even the serious Sandline affair had been ended without seriously testing Australian resolve to impose a solution. Nonetheless, as on each iteration of the engagement cycle, the decline in engagement appeared inevitable given the weak institutional commitment in Australia to relationships with the Pacific islands and the multitude of items competing for ministerial attention. In 2000, a series of events once again stirred the Australian government to pay greater attention to the Pacific islands and challenged it to devise responses.

### ***The 2000 Fiji coup***

Fiji's national election in May 1999 produced a government led by the predominantly Indo-Fijian FLP, headed by Prime Minister Mahendra Chaudhry. The election of an Indo-Fijian prime minister caused disquiet among sections of the indigenous Fijian population, especially some hard-line nationalists. On 19 May 2000, one of them, former businessman George Speight, supported by members of the RFMF, stormed the Fiji parliament and held MPs and staff hostage for a total of 56 days.<sup>6</sup> During this time, the military commander, Voreqe (Frank) Bainimarama, declared martial law and appointed an interim government led by former banker and recently appointed Senator Laisenia Qarase. The government granted Speight immunity from prosecution in exchange for the release of the hostages. Speight was subsequently arrested, tried, convicted of treason and sentenced to death, though this was later commuted to life imprisonment. On 2 November, militants once again attempted to

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4 Mary-Louise O'Callaghan, 'PNG Loan Boosted to Steady Economy', *Australian*, 11 September 1999, p.11.

5 Peter Cole-Adams, 'Nod of Approval for Morauta', *SMH*, 13 November 1999, p.25.

6 See, for example. Michael Field, Tupeni Baba et al, *Speight of Violence: Inside Fiji's 2000 Coup*, Canberra, Pandanus, 2005.

seize power in a mutiny against Bainimarama that was put down at the cost of the lives of four soldiers and four mutineers. The interim government was finally removed following a High Court ruling on 15 November that was subsequently reaffirmed by the Court of Appeal. However, Qarase subsequently regained power when his newly formed party, the *Soqosoqo Duavata ni Lewenivanua* (SDL), won the September 2001 election.

The coup, like that of 1987, took the Australian government and bureaucracy by surprise despite their access to intelligence.<sup>7</sup> The failure of analysis that this suggests is consistent with the low level of attention paid to the Pacific islands during periods of stagnation in Australia's approach. As in each case of instability in the region, the immediate and automatic response was to ensure the safety of Australian citizens and other foreign nationals. Within hours of the coup taking place, Prime Minister Howard announced the existence of evacuation plans.<sup>8</sup> Over the longer term, disorder in Fiji could threaten its population, and international expectations and humanitarian considerations would require that Australia respond. However, on this occasion, the situation in Fiji did not degenerate to such an extent and the government was spared the necessity to devise a response.

A second type of problem was presented by the existence in the region of a government lacking democratic legitimacy. It challenged the government to balance the competing pressures, first to support the rule of law in the Pacific islands, and second to maintain relations with the Fiji administration. Australian credibility and legitimacy on the international stage, and the underlying principles of its political system, were grounded in adherence to the rule of law. On the other hand, policy-makers understood that Fiji is strategically important to Australia, as it serves as a gateway that may be employed by transnational criminals, people- or drug-smugglers.<sup>9</sup> They therefore saw the value of maintaining a relationship that would permit Australian agencies to work with their Fiji counterparts on those and other issues. Also militating against a forceful response in Fiji were the message that would

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7 Sue Boyd, *Interview conducted by the author*, Perth, 12 July 2007; Sue Boyd was the Australian High Commissioner to Fiji from 1999 to 2003.; Meg Gurry, 'Perspectives on Australian Foreign Policy 2000', *Australian Journal of International Affairs*, Vol.55, No.1, 2001, p.15.

8 'Howard Reveals Evacuation Plan', *Australian*, 20 May 2000, p.4.

9 Sue Boyd, *Interview conducted by the author*, Perth, 12 July 2007.

be sent to other regional partners and the potential flow-on effects to other Pacific islands of sanctions that would cripple the Fiji economy.<sup>10</sup>

Though complex, this set of competing pressures was familiar from other instances of instability in the Pacific islands, most obviously the aftermath of the 1987 Fiji coups. The official Australian response, which sought to maintain a fine balance among them, was also strongly modelled on the flexible and pragmatic response that had been applied in 1987. Based on the notion of 'smart sanctions' that would punish the Fiji government materially and symbolically while sparing the population, it left communication channels in place and the way open for a rapid restoration of normal relations. Thus High Commissioner Susan Boyd was recalled for consultation, and military and government cooperation was suspended, as was most non-humanitarian aid.<sup>11</sup> Meanwhile, the government quietly maintained relations with the Fiji government, helped by the Australian business community in Fiji, which played the role of intermediary. The interests of the business community were thereby served through the maintenance of a working relationship while the Australian government was able to keep its distance from the Fiji government. For instance, the Australian High Commission funded Australia Day and International Women's Day events in 2000, but left their organisation in the hands of Australian business people.<sup>12</sup> Following the restoration of democracy, the Australian government participated in a minor fashion in the episode's denouement by providing assistance to help ensure Speight's conviction.<sup>13</sup>

As had been the case in the Sandline affair, the resolve of the Australian government to respond to the 2000 Fiji coup was not severely tested as democratic rule was restored reasonably promptly through the actions of Fiji's domestic institutions without any humanitarian crisis. The Australian government was thus able to claim that its actions, which were largely based on those that had been applied in 1987, were

10 Alexander Downer, "Increasing Interconnectedness": *Globalisation and International Intervention*, Speech to the Sydney Institute, 17 July 2000, <[http://www.foreignminister.gov.au/speeches/2000/000717\\_intervention.html](http://www.foreignminister.gov.au/speeches/2000/000717_intervention.html)> (accessed on 12 July 2010).

11 Alexander Downer, *Fiji*, Media Release, 18 July 2000, <[http://www.foreignminister.gov.au/releases/2000/fa082a\\_2000.html](http://www.foreignminister.gov.au/releases/2000/fa082a_2000.html)> (accessed on 12 July 2010).

12 Sue Boyd, *Interview conducted by the author*, Perth, 12 July 2007.

13 'Australia and New Zealand Police in Review of Evidence in Fiji Treason Case', *AP*, 21 February 2001.

correct. This successful outcome further bolstered its confidence in its ability to handle political crises in the Pacific islands. However, during the drama in Fiji, a dramatic chain of events began in Solomon Islands that contributed greatly to the perception of generalised instability in the Pacific islands.

### ***The 2000 Solomon Islands 'coup'***

Just weeks after the coup in Fiji, on 5 June 2000, the Solomon Islands government, led by Prime Minister Bartholomew Ulafoa'alu, was overthrown by the Royal Solomon Islands Police (RSIP) and the Malaitan Eagle Force (MEF) militant group. Australian policy-makers had been forewarned of trouble by several explicit requests for assistance, but nonetheless failed to prepare for the crisis. Following the 'coup', as the government's ouster became known, Minister Downer led a greatly increased Australian engagement in Solomon Islands, modelled on the successful peace process in nearby Bougainville. However, the situation in Solomon Islands, different in key respects from that in Bougainville, continued to deteriorate. Australian and other foreign officials were eventually withdrawn as Solomon Islands descended further into disorder.

### **Background to the Solomon Islands conflict**

Tensions centred on access to land and resources had existed for some time between communities from the island of Guadalcanal, where the capital, Honiara, is situated, and settlers with origins on the neighbouring island of Malaita.<sup>14</sup> In recent years, the influx of arms from the conflict in Bougainville had added a lethal element to the conflict between the MEF militant group and its Guadalcanal counterpart, the Isatabu Freedom Movement (IFM). The Solomon Islands government had little ability to respond to threats by militants other than by paying 'compensation'.<sup>15</sup> This practice

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14 For a history of the conflict in Solomon Islands, see Jon Fraenkel, *The Manipulation of Custom: From Uprising to Intervention in the Solomon Islands*, Wellington, Victoria University Press, 2004; Clive Moore, *Happy Isles in Crisis: The Historical Causes for a Failed State in Solomon Islands, 1998-2004*, Canberra, Asia Pacific Press, 2004.

15 This use of the customary Melanesian concept of compensation as means of settling wrongs is a key example of what Fraenkel refers to as the 'manipulation of custom'. See Jon Fraenkel, *The Manipulation of Custom*, pp.10-12.

drained the national treasury, already suffering from the loss of revenue caused by the withdrawal of Asian investment in the wake of the 1997 Asian financial crisis.

In 1999, with Solomon Islands in a state of political and economic crisis and Honiara virtually shut down, Prime Minister Ulufa'alu requested help from the Commonwealth Secretariat. A Commonwealth mission led by former Fiji Prime Minister (and leader of the 1987 coups) Sitiveni Rabuka facilitated the negotiation of the Honiara and Panatina peace accords. As a result of these agreements, a multinational police operation, comprising police officers from Fiji and Vanuatu and funded by Australia, New Zealand and the UK, was dispatched to Solomon Islands. However, the peace agreements did not last and the police, unable to contain the lawlessness and violence, were finally evacuated along with other foreigners from Solomon Islands following the 'coup'.

In May 2000, Prime Minister Ulufa'alu, together with the Opposition Leader, the Chief Justice and a provincial governor, made the first of several requests for assistance to the Australian government.<sup>16</sup> The Solomon Islands government was reported as having also requested military assistance from Cuba to resolve its security crisis.<sup>17</sup> These and subsequent requests illustrate the government's inability to resolve the conflict and the level of desperation within it for some action to break the impasse. However, with Commonwealth-sponsored talks already in progress and a successful precedent in Bougainville, the Australian government had little incentive to assume the greater risk of direct intervention. In Howard's words to Parliament, 'It was not in [Australia's] interest to put unarmed Australian police in the front line ... without knowing what the exit strategy is.'<sup>18</sup> Instead, it stuck to the strategy of providing financial support to the multilateral peace-keeping force under the auspices of the Commonwealth.

Just weeks later, the Australian government came under much greater pressure when, in a 'joint operation', militants from the MEF joined with officers from the RSIP, used

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16 Bob McMullan & Dave Peebles, *The Responsibility to Protect: Lessons from RAMSI*, <[http://www.bobmcmullan.com/files/The responsibility to protect.pdf](http://www.bobmcmullan.com/files/The%20responsibility%20to%20protect.pdf)> (accessed on 9 August 2009), 2006, p.4.

17 Paul Daley, 'Desperate Solomons Asks Cuba for Help', *Age*, 18 May 2000, p.2.

18 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 6 June 2000, p.17073.

arms stolen from police armouries to kidnap Ulufa'alu and forced him to resign. The militants looted and forced the closure of the Australian-owned Gold Ridge mine and used an Australian-donated patrol boat to bombard IFM positions, killing many. Special Minister of State Alfred Sasako, who had assumed the role of spokesman for the Solomon Islands government, once again appealed to the Australian government for armed intervention to restore calm to the country.<sup>19</sup> Acting police chief John Homelo made a similar request in the following days, claiming that he was unable to dispatch police officers to deal with looting and violence by a raiding party from Bougainville, as most of them had joined the MEF.<sup>20</sup>

### **Australian responses: evacuate and facilitate**

The immediate pressure on the Australian government was much greater in Solomon Islands than in Fiji because of its geographic proximity to Australia, the greater degree of insecurity and more substantial breakdown of the legal order. Immediately after the government was deposed, the Australian High Commission in Honiara advised DFAT that Solomon Islands was no longer safe for Australian citizens.<sup>21</sup> The ADF mobilised rapidly to effect a sea evacuation of 480 foreigners, while the New Zealand military conducted further evacuations and 40 Australians accompanied Minister Downer aboard an Australian military aircraft as he returned from negotiations aimed at heading off the crisis. In retrospect, this prompt evacuation was most likely an over-reaction as no foreigners were threatened during the unrest. Historian Clive Moore claimed that their departure aggravated the situation and spread the crisis nationwide by removing the stabilising influence of the foreign business and NGO community across the country. Nonetheless, DFAT's mandate and its culture of protecting Australian nationals made it inconceivable that the government would hesitate to order an evacuation once 'in country' staff had warned of a possible threat.

Several features of the events in Solomon Islands made the situation a novel one for Australian policy-makers. Rather than simply usurping executive power, the RSIP not

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19 Mary-Louise O'Callaghan, 'Solomons Pleads for Military Aid', *Australian*, 8 June 2000, p.3.

20 Craig Skehan & David Lague, 'Solomons SOS to Australia', *SMH*, 12 June 2000, p.1.

21 Clive Moore, *Happy Isles in Crisis*, pp.11-12.

only had proved incapable of preventing conflict between ethnically-based armed groups, but had taken the side of one to help depose a prime minister whom, although from Malaita himself, they perceived to be too sympathetic to the Guadalcanalese.<sup>22</sup> More generally, the Solomon Islands state was no longer able to fulfil many of the most basic functions of maintaining order or safeguarding its own assets. However, lacking policy prescriptions that addressed these novel features, the Australian government was constrained in its choice of policy responses to those that had previously been applied and proved successful. The geographic and cultural proximity of Bougainville and the degree of similarity between the two conflicts made the Australian actions in Bougainville an attractive model for its response in Solomon Islands.

Just as he had done in Bougainville, Downer expended considerable effort on assisting the negotiation of a settlement to the conflict. He maintained contact with both militant groups, visited Solomon Islands on 10 and 11 June as part of a Commonwealth 'ministerial action group' and again on 24 June.<sup>23</sup> On his return from the earlier visit, he suggested that Australia and New Zealand might provide funds to compensate Solomon Islanders who had suffered in the violence, and that Australia might take part in a peace-monitoring group.<sup>24</sup> On 16 June, he dispatched senior foreign affairs official Peter Baxter as his 'special envoy', along with constitutional expert Tony Regan, who had played an important role in Bougainville, to assist in the restoration of constitutional government and the negotiation of an end to the conflict. On 20 June, he announced an immediate grant of one million dollars to the International Committee of the Red Cross (ICRC) and the Solomon Islands Ministry of Health.<sup>25</sup>

On 30 June, the Solomon Islands parliament elected a new prime minister, Manasseh Sogavare, in a vote that was marred by threats to MPs and, lacking an absolute

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<sup>22</sup> Clive Moore, *Happy Isles in Crisis*, p.10

<sup>23</sup> Martin Sharp, *Australian Policy on the 'Ethnic Tension' in Solomon Islands: 1999-2001*, Solomon Islands Workshop: Building Peace and Stability, 24-26 October 2001, ANU, Canberra, <[http://rspas.anu.edu.au/papers/melanesia/conference\\_papers/2001/11\\_Solomons\\_Sharp.pdf](http://rspas.anu.edu.au/papers/melanesia/conference_papers/2001/11_Solomons_Sharp.pdf)> (accessed on 8 July 2010), p.4.

<sup>24</sup> Robert Garran, 'Downer Talks Money to Overcome Land Grievances', *Australian*, 13 June 2000, p.9.

<sup>25</sup> Alexander Downer, *Solomon Islands: Australian Assistance*, Media Release, 12 May 2000, <[http://www.foreignminister.gov.au/releases/2000/fa063\\_2000.html](http://www.foreignminister.gov.au/releases/2000/fa063_2000.html)> (accessed on 12 July 2010).

majority, technically unconstitutional.<sup>26</sup> Sogavare, the MEF's preferred candidate, appointed a Cabinet largely from the former Opposition that included several members tainted by corruption scandals.<sup>27</sup> Australian officials judged Sogavare to be the puppet of the MEF, and members of his government to be criminals.<sup>28</sup> In addition to the dubious circumstances of Sogavare's election and the taint on his government, the overthrow of the Ulufa'alu government, which had had good relations with Australia, was a blow to Australian diplomacy. Nonetheless, as Sogavare's election appeared legal and was certainly preferable to a further descent into lawlessness, Downer publicly welcomed the formation of the new government and called on all groups in Solomon Islands to accept it.<sup>29</sup> However, the IFM refused to accept Sogavare's election, and an outbreak of violence ensued in which both sides were reported as attacking and killing civilians as well as each other.<sup>30</sup> Sogavare responded with 'cheque book' peace-making, making payments to provincial governments and militias from both Guadalcanal and Malaita.<sup>31</sup> These payments set a precedent that, along with the failure to ensure the disarmament of the militant groups, contributed to the later resurgence of violence.

From June until September, Australian officials facilitated negotiations between the Guadalcanal and Malaitan groups, representatives from government and NGOs.<sup>32</sup> These meetings produced a ceasefire, established a monitoring committee and culminated in the convening of talks in Townsville with the goal of reaching a definitive settlement. Following the model used to end to the Bougainville conflict, Minister Downer brought 130 delegates from Solomon Islands to Townsville, representing both militant groups and the national and provincial governments. On 15 October, the two sides agreed to end the conflict and surrender their arms in return for a general amnesty. Downer committed Australia to assist the Solomon Islands

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26 Craig Skehan, 'Enough is Enough, Says New Leader', *SMH*, 1 July 2000, p.17.

27 Clive Moore, *Happy Isles in Crisis*, p.138.

28 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

29 Craig Skehan, 'Red Faces as Solomons; "Mr Ten Percent" Returns', *SMH*, 3 July 2000, p.1.

30 Craig Skehan, 'Eagle Fighters Go On Attack, Burn Houses', *SMH*, 5 July 2000, p.13.

31 Matthew Wale, *The Solomon Islands Peace Process – Made in Townsville, Made for Unsustainability*, Solomon Islands Workshop: Building Peace and Stability, 24-26 October 2001, ANU, Canberra, <[http://rspas.anu.edu.au/papers/melanesia/conference\\_papers/2001/06\\_Solomons\\_Wale.pdf](http://rspas.anu.edu.au/papers/melanesia/conference_papers/2001/06_Solomons_Wale.pdf)> (accessed on 8 July 2010), p.4.

32 Clive Moore, *Happy Isles in Crisis*, pp.142-147; Martin Sharp, *Australian Policy on the 'Ethnic Tension' in Solomon Islands*, pp.4-6.



government with the payment of compensation and to join an International Peace Monitoring Team (IPMT).<sup>33</sup>

In a related move that would have important consequences for future responses to political upheavals, the Australian government, supported by New Zealand, moved to place regional security concerns created by events in Fiji and Solomon Islands onto the agenda of the PIF.<sup>34</sup> A meeting of foreign ministers in Samoa in August was followed by the PIF's agreement of the Biketawa declaration at the heads of government meeting held in Kiribati in October.<sup>35</sup> Named for the island where the leaders held their 'retreat', the Biketawa declaration affirmed liberal-democratic principles and, crucially, laid out a framework for regional intervention in case of future crises or requests for assistance by a member state.<sup>36</sup>

The Townsville Peace Agreement (TPA) marked a key point in the conflict and in Australia's contribution to its resolution. The accord initially was welcomed in Solomon Islands with euphoria, which dissipated as the peace that it promised failed to eventuate. The IPMT, comprising 35 Australians and 14 New Zealanders, began arriving in early November, its presence serving as a calming sign that the conflict could be resolved.<sup>37</sup> However, it quickly became evident that many of the militants were unwilling to surrender their weapons owing to a lack of mutual trust, the power to extort money and goods conferred by their possession of arms, the large number of militants incorporated into the RSIP as paid 'special constables' and the inability of the unarmed IPMT to enforce disarmament.<sup>38</sup> Leaked cables revealed that Australian officials attempted unsuccessfully to circumvent these problems by negotiating terms of disarmament directly with the militant groups.<sup>39</sup>

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33 Mary-Louise O'Callaghan, 'Diggers on Way to Solomons', *Australian*, 16 October 2000, p.1.

34 David Goldsworthy, 'Issues in Australian Foreign Policy: July to December 2000', *Australian Journal of Politics and History*, Vol.47, No.2, 2001, p.235.

35 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 30 October 2000, p.21583.

36 Pacific Islands Forum, *Biketawa Declaration*, <[http://www.forumsec.org/resources/uploads/attachments/documents/Biketawa Declaration](http://www.forumsec.org/resources/uploads/attachments/documents/Biketawa%20Declaration.pdf), 28 October 20002.pdf> (accessed on 8 April 2012), 2000.

37 Clive Moore, *Happy Isles in Crisis*, p.150.

38 Clive Moore, *Happy Isles in Crisis*, pp.147,150; Matthew Wale, *The Solomon Islands Peace Process – Made in Townsville, Made for Unsustainability*.

39 Mary-Louise O'Callaghan, 'Australian in Secret Arms Deal', *Australian*, 12 May 2001, p.11.

From 2001, the social, political and economic situation in Solomon Islands continued its downward spiral. Violence resumed in March when a group of police and militants used one of the Australian-donated patrol boats to attack followers of a former leader, Harold Keke, who had not signed the peace agreement, on the remote weather (South) coast of Guadalcanal.<sup>40</sup> Keke and his followers had terrorised villagers on the weather coast for some years, and were more akin to a cult than a political movement. Violence continued as militants extorted money from provincial and national governments and civil society activists. The financial position of the government became increasingly precarious as militants 'ransacked' the state.<sup>41</sup> On 30 August, Finance Minister Snyder Rini publicly acknowledged that the government was unable to meet its financial obligations.<sup>42</sup> He nonetheless continued to grant favours in the form of duty remissions to beer and tobacco importers and timber exporters. Responding to these financially irresponsible and apparently corrupt dealings, the Australian government withheld promised funds and managed to convince Taiwanese officials to do likewise. While punishing the Solomon Islands government for its fiscal indiscipline, these actions aggravated the financial situation in which the country found itself.

When Australian and New Zealand officials visited Solomon Islands in October to review the peace process, public services had ground to a halt, the national airline had ceased to operate, and power and water services in Honiara were minimal.<sup>43</sup> The RSIP Commissioner, Morton Sireheti, and the Peace Monitoring Council (PMC) chair, the widely respected elder statesman, Peter Kenilorea, convinced the delegation to make representations to Minister Downer in favour of Australian policing assistance.<sup>44</sup> Once again, Downer refused the request, instead offering the RSIP support to ensure the good conduct of forthcoming elections, and the promise of generous aid if the new administration took measures to tackle the endemic corruption.<sup>45</sup>

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40 Mary-Louise O'Callaghan, 'Solomon Villagers Flee Boat Gunfire', *Australian*, 29 March 2001, p.8.

41 Jon Fraenkel, *The Manipulation of Custom*, p.106.

42 Mary-Louise O'Callaghan, 'Solomon Islands Treasury "Broke"', *Australian*, 30 August 2001, p.7.

43 Craig Skehan, 'Salvage Missions as Island Reach Point of Collapse', *SMH*, 23 October 2001, p.14; Clive Moore, *Happy Isles in Crisis*, p.169.

44 Mary-Louise O'Callaghan, 'Solomons Sends an SOS to Canberra', *Australian*, 29 October 2001, p.9.

45 Craig Skehan, 'Australia Offers \$3m Help to Keep Solomons Poll Fair', *SMH*, 6 November 2001, p.13.

National elections held on 5 December were declared generally free and fair by international observers. However, in their wake, evidence that an Australian High Commission official had suppressed a report of ballot tampering reveals something of the thinking and conduct of Australian diplomacy.<sup>46</sup> It may reasonably be assumed that Australian officials were concerned about the consequences of questions surrounding the legitimacy of the election and preferred to avoid such questions being raised. More significantly for the ongoing conduct of Australian diplomacy in the Pacific islands, this incident demonstrated the considerable authority that Australian officials could consider themselves to hold over Solomon Islands political processes. Nonetheless, as on many other occasions when the actions of Australian officials were inadvertently revealed, it remains a matter of speculation how typical this kind of behaviour was, at what level it was authorised and the true intentions that lay behind it.

The results were typical of elections in Melanesian countries in that only 18 out of a total of 50 sitting MPs were re-elected, and the popular election was only the first stage in the formation of a new government. It was an open secret that local power-brokers were offering MPs financial inducement to join their favoured faction. The rumoured offering from businessman Tommy Chan was SI\$50,000 (around A\$10,000) plus free accommodation at the prestigious Honiara Hotel, which he owned.<sup>47</sup> Ultimately the winner was Allan Kemakeza, whom the previous Prime Minister Sogavare had sacked in August from his position as deputy prime minister over allegations that he had corruptly mishandled compensation claims.<sup>48</sup> Kemakeza's government once again included many members tainted by corruption scandals or association with the former militants.

Reflecting alarm among Australian officials over the composition of the new government, Minister Downer's congratulatory message to Kemakeza included a warning that the continued support of donors depended on a commitment by the new government to transparency, law and order and responsible economic policies.<sup>49</sup>

46 William Neeson, 'The Ballot Seals That "Changed Colour"', *SMH*, 14 December 2001, p.9.

47 Clive Moore, *Happy Isles in Crisis*, p.173.

48 Mary-Louise O'Callaghan, 'Solomons Leader Sacks His Deputy', *Australian*, 14 August 2001, p.10.

49 Craig Skehan, William Nesser et al, 'Sacked Solomon Islands Politician Becomes New Prime Minister', *SMH*, 18 December 2001, p.8.

Kemakeza appeared initially to accept Downer's injunction, requesting the assistance of an Australian policy advisor. Downer responded positively, seconding the High Commissioner to Vanuatu, Perry Head, on a three-month mission to Solomon Islands.<sup>50</sup> Nonetheless, the new government was plagued by overt corruption in the form of massive duty remissions, internal instability with constant rearrangements of alliances and reshuffling of Cabinet portfolios, disunity as witnessed by a 25 percent devaluation of the currency that was immediately reversed and a parliament that almost never sat.<sup>51</sup>

Over this period, the social situation in Solomon Islands continued to deteriorate, with no visible prospects for improvement.<sup>52</sup> Public officials other than MPs, police and 'special constables' were not paid, schools were closed, the main hospital treated only the most life-threatening conditions and was re-using syringes. The government, desperate for funds, sought finance from wherever it might be forthcoming, including donations from the Korean Unification Church, the sale of publicly-owned assets, taking toxic waste from Taiwan, selling passports and dealing with fraudulent investment funds.

The Australian government and bureaucracy thus found themselves without an effective policy response to an unprecedented breakdown in state functions in a neighbouring country. While publicly maintaining his commitment to the policies of supporting peace negotiations, Minister Downer realised that this approach had run its course. If the Australian government was to succeed in its objective of maintaining order and stability in its Pacific islands neighbourhood, something new would be required. However, it would take another year before that new policy took shape.

### ***A new discourse but no new engagement: Africanisation***

As the Howard government remained confident of tried and tested approaches to events in Fiji and Solomon Islands, a novel discourse emerged that presented a new and disturbing picture of the Pacific islands. Though it failed to provoke a new

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50 Mary-Louise O'Callaghan, 'Downer Appoints Solomons Mr. Fix-it', *Australian*, 9 January 2002, p.7.

51 Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.737.

52 Clive Moore, *Happy Isles in Crisis*, pp.177-196.

direction in Australian engagement, the 'Africanisation' thesis had many of the attributes of the discourses that did so on other occasions. Moreover, it prefigured the 'failed states' analysis that would launch a new Australian engagement three years later. The Africanisation analysis and the question of why it made little immediate impact thus merit consideration.

The term 'Africanisation' was first applied to the Pacific islands in political scientist Ben Reilly's eponymous 2000 article.<sup>53</sup> This article sought to disrupt the idea that the Pacific islands have been an 'oasis of democracy' where Western liberal-democratic institutions have been largely successfully transplanted. Using the recent examples of Fiji and Solomon Islands, he argued that the Pacific islands exhibited a series of troublesome characteristics in common with many African states. These were: tension between civil and military authorities; ethnic conflict over access to resources; weakening institutions of governance; and the centrality of the state as a means for gaining access to resources. The implication of his argument was that the Pacific islands were headed for poverty and instability on an African scale. Reilly's article sparked a lively response from critics who argued that its analysis was inconsistent and empirically flawed.<sup>54</sup> Nonetheless, it was difficult to dispute his conclusion that democratic institutions were not functioning well in some of the Pacific Islands.

Reilly's 'Africanisation' thesis resembles in many respects the novel discourses that have served on other occasions to spark a change of direction in Australian policy. It helped to make sense of the direction that politics in Fiji and Solomon Islands had taken over the previous year and the frequent political and social unrest in PNG. The stark image of the Pacific islands as destined to follow the most troubled countries of Africa resembled in dramatic effect if not in detail the 'doomsday scenario' of seven years earlier. In contrast, the solution that it proposed to this problem, based on democratic renewal from within, did not prescribe a role for Australia and offered little guidance to policy-makers. Nonetheless, it marked a step in the evolution of Australian policy-makers' understanding of the Pacific islands as beset by profound

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53 Benjamin Reilly, 'The Africanisation of the South Pacific', pp.261-68.

54 Stewart Firth, 'A Reflection on South Pacific Regional Security, Mid-2000 to Mid-2001'; Jon Fraenkel, 'The Coming Anarchy in Oceania?'; David Chappell, "Africanization" in the Pacific: Blaming Others for Disorder in the Periphery?'. See also Benjamin Reilly, 'A Reflection on South Pacific Regional Security'.

political and economic problems and prefigured the 'failed state' analysis that would emerge three years later.

***Unrelated objectives: the Pacific solution***

The essential continuity of Australia's approach to the Pacific islands in the face of events in the region and the crisis portrayed by the Africanisation analysis was broken in a dramatic fashion in 2001. Responding to an urgent domestic political imperative to prevent asylum-seekers arriving by sea from reaching Australia, the government sought locations for an offshore detention centre to house them. The financial inducements that it offered foreign governments were not conditional on the recipient's adherence to the policy settings and governance standards that were key objectives of Australian development assistance. The resulting 'Pacific solution' thus represented a particularly stark instance of unrelated objectives driving Australia policies toward the Pacific islands.

The immediate occurrences that led to the Pacific solution began in August 2001 with the events that became known as the 'Tampa affair'. The Norwegian cargo ship, *MV Tampa*, with 438 asylum-seekers rescued at sea aboard, attempted to make for the Australian port of Christmas Island in the Indian Ocean. Preventing the ship from disembarking its passengers on Australian territory offered Prime Minister Howard, who faced the likelihood of losing government in the forthcoming federal election, the opportunity to boost his government's popularity by defending his strong stance on 'border security'. In pursuit of this goal, Howard and Defence Minister Peter Reith, together with a small group of their advisors, ordered Special Air Service (SAS) troops to seize control of the *Tampa*.

Having prevented the asylum-seekers from reaching Australian territory, the government was confronted with the question of what to do with them. With neither of the countries already implicated in the drama, Norway and Indonesia, willing to assist, Howard determined to find another country whose government would accept a detention and processing centre on its territory. Downer, who as foreign minister was assigned the task of finding such a country, began the search with requests to the

UN administration in East Timor and the New Zealand High Commissioner, with whom he pleaded for help, reportedly with some desperation.<sup>55</sup> While Secretary-General Kofi Annan ultimately rejected the request to the UN, the New Zealand government was more cooperative and finally accepted 150 asylum-seekers.

However, it was Nauru which provided the government with the opportunity it required. Nauru had hosted the 2001 PIF heads of government meeting, attended on Howard's behalf by Reith. At that meeting, Reith got on 'rather well' with President Rene Harris.<sup>56</sup> In attending that meeting, Australian officials became aware of the critical financial situation in Nauru, which had resulted in cuts to electricity and water, air transport, health and education services. The offshore financial centre that had been operating and reportedly laundering money from Russian organised crime had just been brought under a more stringent regulatory regime by the Nauruan government, under pressure from the OECD Financial Action Task Force.<sup>57</sup> Aware that the dire position of the Nauru economy would make its government likely to be receptive to offers of financial assistance, Reith and Downer telephoned President Harris on 30 August, offering 'flattery', notably the prospect of international respect, in addition to financial incentives in return for allowing the hosting of a 'processing centre' on Nauru.<sup>58</sup> The following day Harris informed Australian officials that Nauru would host the centre in return for \$16.5 million. By the time that Reith visited Nauru on 9 September to finalise the arrangements, more boats had been intercepted, and the sum finally negotiated was \$20 million in exchange for hosting a total of 520 asylum-seekers.<sup>59</sup>

While the negotiations proceeded, the dilemma faced by the Australian government intensified. The navy continued to intercept boats of asylum-seekers, while places had yet to be found for all those who had already arrived. The Federal Court found that those on the *Tampa* had been unlawfully detained and that they had a right to claim asylum under Australian law.<sup>60</sup> On arrival in Nauru, many of the detainees

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55 David Marr & Marian Wilkinson, *Dark Victory*, Crows Nest, Allen & Unwin, 2004, pp.134-144.

56 John Howard, *Interview conducted by the author*, Sydney, 17 February 2011; David Marr & Marian Wilkinson, *Dark Victory*, p.138.

57 'Nauru Yields on Money Laundering', *Australian*, 29 August 2001, p.24.

58 Craig Skehan, "We Have A Bit Of A Problem", *SMH*, 22 October 2001, p.15.

59 Sian Powell, 'Nauru Makes \$20m in Cash and Kind', *Australian*, 11 September 2001, p.5.

60 Mike Secombe & Michelle Grattan, 'Judge Shreds Tampa Strategy', *SMH*, 12 September 2001, p.1.

refused to disembark, and President Harris refused to let them be removed by force from the ship.<sup>61</sup> While the Federal Court decision was later overturned, and force was eventually used to remove some of the asylum-seekers, the problem of finding locations for present and future detainees remained.

Australian High Commissioners in the Pacific islands were tasked with investigating the possibility that the governments of the countries where they were accredited would agree to host detention centres.<sup>62</sup> Sue Boyd, at the time High Commissioner to Fiji, Tuvalu and Nauru, reported that she and others were unhappy with the government's approach to asylum-seekers, but that given the choice between resigning and implementing official policy in such a way as to have minimum negative impact, she preferred the latter.<sup>63</sup> She held quite detailed discussions of the proposal with Fiji officials, though she was aware that they did not want to accept it. Fiji society was still living with the aftermath of the 2000 coup and its substantial Muslim minority rendered particularly sensitive the prospect of accepting many hundreds of asylum-seekers from largely Muslim countries.<sup>64</sup> Nonetheless, she understood that officials found it hard to say no to Australia, which had helped with the recent elections, and which was a powerful friend on which Fiji was quite dependent. Moreover, in its effort to encourage the Fiji government to agree, foreign affairs officials had lifted the 'smart sanctions' imposed on Fiji following the coup.<sup>65</sup> Ultimately, and despite Downer's enthusiasm for finding a solution, the question of hosting asylum-seekers in Fiji was quietly dropped. Tuvalu, Kiribati, Tonga and Palau all either were found unsuitable or declined the offer of assistance in exchange for hosting a detention centre.

In PNG however, Australian officials found a willing partner. PNG had served as a staging post in the transfer of asylum-seekers to Nauru, and there was a disused naval base on the island province of Manus the use of which High Commissioner Nick

61 Craig Skehan & Andrew Clennell, 'Nauru Says No to Boat People Being Forced from Ship', *SMH*, 25 September 2001, p.9.

62 Sue Boyd, 'Diplomacy and Crisis Management', in Moreen Dee & Felicity Volk (eds.), *Women with a Mission*, Canberra, Commonwealth of Australia, 2007, p.55.

63 Sue Boyd, *Interview conducted by the author*, Perth, 12 July 2007.

64 According to its 2007 census, around 6 percent of the population of Fiji was Muslim. Fiji Islands Bureau of Statistics, *Population by Religion and Province*, <<http://www.statsfiji.gov.fj/KeyStats/Population/2.10Religion2007.pdf>> (accessed on 27 July 2010).

65 Kerry Taylor, 'Fiji Weighs Overture on Boat People', *The Age*, 19 October 2001, p.6.



Warner had already discussed with the PNG government.<sup>66</sup> The good relations between Australia and PNG during this period exemplified Prime Minister Morauta's support for Australia's policies of economic and governance reform and appreciation for the aid that Australia had offered in support of them. Morauta was receptive to the Australian offer of early disbursement of aid in return for permission to make use of the Manus base. Indeed, he sacked his foreign minister, John Pundari, and secretary of the Department of Foreign Affairs, Eboa Lalatute, over their rejection of the Australian request.<sup>67</sup> Although some PNG politicians suggested that Australian officials threatened to withhold aid if the proposed deal were refused, no evidence was provided and the Australian government refuted this allegation.<sup>68</sup>

Falling outside the mainstream of Australian relationship with the Pacific islands, the Pacific solution illustrates some key characteristics of the Australian policy process. First, it demonstrates how the long-term Australian objectives of promoting economic reform and good governance in the Pacific islands could be subordinated to domestic political imperatives.<sup>69</sup> The agencies usually responsible for Pacific island policies, DFAT, AusAID and the DoD, were sidelined by an initiative that emanated from the PM&C and in particular its head, Max Moore-Wilton.<sup>70</sup> Downer, charged with finding locations for a detention centre, departed from his generally consistent approach to relations with the Pacific islands by rapidly mobilising diplomatic staff across the region.<sup>71</sup> Commentators condemned the policy's *ad hoc* nature and its exploitation of the vulnerability and dependence of the islands.<sup>72</sup> As the Senate Foreign Affairs, Defence and Trade Committee stated in a later report, the policy 'accentuate[d] the

66 David Marr & Marian Wilkinson, *Dark Victory*, pp.212-3.

67 Mary-Louise O'Callaghan, 'Asylum Row Sinks Morauta Minister', *Australian*, 27 October 2001, p.4.

68 Grant Holloway, 'Australia Warned over "Pacific Solution"', *CNN*, 14 August 2002, cited in Michel Perez, 'Australia's 'Pacific Solution': Regional Impact, Global Questions', *New Pacific Review*, Vol.2, No.1, 2003, p.96.

69 The former head of AusAID's Nauru programme described the payments to that country as an 'unmitigated bribe'. Debra Jopson, 'Phantom Aid Never Leaves Our Shores', *SMH*, 28 May 2007, p.1.

70 David Marr & Marian Wilkinson, *Dark Victory*, pp.49-50

71 Australian Broadcasting Corporation, 'The Howard Years', <<http://www.abc.net.au/news/howardyears/content/s2422684.htm>> (accessed on 2 June 2011).

72 Greg Fry, 'The "Pacific Solution"?' in William Maley, Alan Dupont, Jean-Pierre Fonteyne, Greg Fry, James Jupp & Thuy Do (eds.), *Refugees and the Myth of the Borderless World*, Canberra, Department of International Relations, Research School of Pacific Studies, ANU, 2002, pp.23-31; Mark Beeson, 'Issues in Australian foreign policy: July to December 2001', *Australian Journal of Politics and History*, Vol.48, No.2, 2002, p.229.

perception that Australia tends to take advantage of Pacific island countries'.<sup>73</sup> Even Downer, in more recent media comments, has stated that he felt 'very uncomfortable' about the loss of leverage on issues of governance and corruption that was caused by the Pacific solution.<sup>74</sup> The fact that none of these institutions or individuals appears to have been heard is testament to the lack of influence that they had on Cabinet or the increasingly powerful PM&C.

A second feature illustrated by the Pacific solution is that, for all Australia's overweening power, its government is not able to impose policies at will on the Pacific islands. Many, even among the smallest and least powerful, refused to participate in the arrangements, and suffered no adverse consequences for their refusal. Nauru, while agreeing to host a detention centre, demanded and received substantial payment for doing so. Meanwhile, the PNG government's agreement had as much to do with the complexion of the Morauta government, which had staked a great deal of political capital on its alignment with Australia, as it did with the direct exercise of Australian influence.

## ***Conclusions***

Within the Australian government, the years from 2000 to 2003 were perceived as a 'brief and glorious' period, characterised by a confident stance and strong relations with key Pacific island partners. It responded accordingly to the political unrest in Fiji and Solomon Islands, basing its responses on policies that had worked in apparently comparable situations. This approach enjoyed support across the government and bureaucracy and was thus uncontroversial. In contrast, the dramatic departure from business as usual that it initiated in response to its border control problem demonstrates not simply confidence but a readiness to subordinate long-term policy goals in the Pacific island to short-term domestic and electoral purposes.

The ease with which the government interrupted its approach to the Pacific islands in order to implement the Pacific solution is illustrative of the weak institutionalisation

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<sup>73</sup> Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific Engaged*, p.169.

<sup>74</sup> Paul Maley, 'Malaysian Plan Deadlock Over Boatpeople Protection', *Australian*, 25 May 2011, p.6; Susan Metcalfe, *pers comm*.

of Pacific island policy-making. When Howard and PM&C saw an advantage in making use of the Pacific islands to further domestic and political objectives, they encountered resistance in neither Cabinet nor the bureaucracy. Though some Pacific island governments were reluctant to cooperate with the policy, they preferred to let the matter drop quietly rather than publicly oppose it. This episode demonstrates, on the one hand, Australia's readiness to exploit the aid dependency of the Pacific islands and on the other, the limits to its power to impose its preferences on them.

This period departs in certain respects from the engagement cycle model proposed by this thesis. Despite the presence of many of the factors that, in other periods, have precipitated a change of direction, the government applied earlier solutions to new problems. This continuity can be explained primarily by the confidence within the government and bureaucracy in the policy tools that were mobilised and more generally in Australia's ability to resolve problems in the Pacific islands. The Africanisation analysis, in many respects a candidate to drive a change in approach, was hindered not only by that confidence but, critically, by the fact that it contained no ready policy prescriptions.

The period from 2000 to 2003 can thus be considered, in some respects, as one of prolonged stagnation in Australian policy-making. By 2003, the situation in Solomon Islands had once again become critical and the stage was set for a new set of actors to once again initiate the reinvigoration of Australia's engagement that is the subject of the following, final chapter of the historical narrative.

## **7 – Intervention and confrontation: 2003-2007**

### ***Introduction***

In 2003, the deteriorating situation in Solomon Islands continued to defy the efforts of Australian policy-makers to devise an effective response. While DFAT stuck to its official position that any resolution of the conflict must come from within Solomon Islands, Foreign Minister Downer reached the conclusion that this position was untenable. Internationally, the '9/11' events of September 2001 and Bali nightclub bombings of October 2002 drew policy-makers' attention to unconventional threats to national security.

Against this background, analysts at the recently created ASPI entered the debate over Australia's relationship with the Pacific islands. Applying a 'failed state' analysis, they argued that Australia faced a crisis if it did not intervene directly to prevent the collapse of the Solomon Islands state. The Australian government embraced this diagnosis of the problems facing Solomon Islands and the prescription of an Australian role in their resolution. Australia promptly led vigorous interventions first in Solomon Islands, then in PNG, Nauru, Vanuatu and more widely across the Pacific islands.

Initially welcomed in both Australia and the Pacific islands, this 'new interventionism' rapidly became the source of resentment over its intrusive nature. Downer's confrontational approach to differences with Pacific island leaders aggravated relations that were already testy and produced few tangible results. Following a fourth coup in Fiji in December 2006, the Australian government was embroiled in intractable disputes with three of its key Pacific island partners.

The period from the start of the new interventionism in 2003 until the electoral defeat of the Howard government in 2007 represents the fifth and final iteration of the engagement cycle analysed in this thesis. It was highly representative of the cycle in that policy entrepreneurs played a central role in advancing a novel understanding and policy approach, the reinvigorated engagement was strongly welcomed across the region and political spectrum, the resentment that it generated was acute and the resultant stagnation particularly evident. At each stage, Foreign Minister Downer was

the central decision-maker whose shift in position launched the new interventionism and whose confrontational approach to reticent Pacific island leaders was key to the initial successes and later failures of diplomacy.

This chapter presents an analysis of Australian policy-making during the formation, implementation and subsequent stagnation of the 'new interventionism'. It demonstrates the critical role played by policy entrepreneurs associated with ASPI, and the government's enthusiastic reception of their analysis and prescriptions. While early successes bolstered confidence in the government and bureaucracy, growing resentment and resistance led to a firming of the new approach. Deadlock in Australian relations with important Pacific island was accompanied by a return to stagnation in policy-making and a familiar pattern of low expectations.

### ***Background to the Solomon Islands intervention***

Since the overthrow of the Ulafa'alu government in 2000, Australian foreign policy officials had struggled to devise an appropriate response to the deteriorating social, economic and political circumstances facing Solomon Islands. The approaches that had contributed to a solution in Bougainville in 1997, built on facilitating and supporting a peace process and deploying unarmed peace-monitors, had been tried and failed to restore order. It was increasingly apparent to Minister Downer and the foreign affairs bureaucracy that if they were to take seriously the objective of restoring peace and stability to Solomon Islands, they would have to implement a new strategy. While the failure of past approaches made direct intervention a logical possibility, if not inevitable conclusion, it was difficult to contemplate such a departure from past practice.

There was little doubt that some form of intervention would be welcome in Solomon Islands. Three separate calls for Australian intervention had been issued before the government's overthrow, the first by Prime Minister Ulafa'alu; the second by Special Minister of State Alfred Sasako; and the third by Acting Chief of Police John Homelo.<sup>1</sup>

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<sup>1</sup> Bob McMullan & Dave Peebles, *The Responsibility to Protect*, p.4; Mary-Louise O'Callaghan, 'Solomons Pleads for Military Aid', *Australian*, 8 June 2000, p.3; Craig Skehan & David Lague, 'Solomons SOS to Australia', *SMH*, 12 June 2000, p.1.

As the Solomon Islands parliament sat on 28 June to elect a new prime minister following the overthrow, over half of its members boycotted the sitting, instead calling for Australian help to end the impasse.<sup>2</sup> The new prime minister, Manasseh Sogavare, subsequently requested Australian intervention.<sup>3</sup> In October 2001, the RSIP chief Morton Sireheti and PMC chair Peter Kenilorea requested assistance with policing to a visiting Australian and New Zealand government delegation, including DFAT deputy secretary David Ritchie.<sup>4</sup> Finally, in April 2003, Prime Minister Allan Kemakeza addressed the letter to Prime Minister Howard that formally requested the intervention that would be dispatched four months later.

Since 2000, events of global significance had made the international environment more favourable for foreign intervention. Most obviously, the '9/11' events of 11 September 2001 focused the attention of governments around the world strongly on national security. Closer to Australia, the nightclub bombings in Bali, Indonesia on 12 October 2002 made it clear to defence analysts that Australian interests could be the target of terrorist attacks.<sup>5</sup>

Australia's defence stance had yet to adjust to these changing circumstances. The most recent defence policy statement, issued in 2000, scarcely mentioned terrorism, and only as one of a number of 'non-military threats'.<sup>6</sup> It was thus evident to policy-makers that Australian security policies, in urgent need of review, could not serve as a guide for policy responses to emerging security threats.

A further aspect of the context surrounding the Australian response in Solomon Islands was the possibility that other countries might intervene. Three years earlier, the Ulufa'alu government had approached Cuba with a request for military assistance.<sup>7</sup> Whether this request would have elicited a response is a moot point, as Ulufa'alu's government was overthrown just weeks later. Nonetheless, the Australian government was reported as treating the Cuban connection seriously. In April 2003,

2 Mary-Louise O'Callaghan, 'Solomons MPs Defy Coup but Urge Help', *Australian*, 29 June 2000, p.9.

3 Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.737.

4 Mary-Louise O'Callaghan, 'Solomons Sends an SOS to Canberra', *Australian*, 29 October 2001, p.9.

5 John Henderson, 'Oceania and the New Security Agenda', p.177.

6 Department of Defence, *Defence 2000: Our Future Defence Force*, Canberra, Commonwealth of Australia, 2000, pp.12-13.

7 Paul Daley, 'Desperate Solomons Asks Cuba for Help', *Age*, 18 May 2000, p.2.

Prime Minister Kemakeza made a similar request of Indonesian authorities while attending a summit of foreign ministers following the Bali bombings.<sup>8</sup> It is possible that his motivation was to stir Australia and New Zealand into taking a more active role. Certainly, he made the request known to the Australian government via several channels of communication, including the SBS programme *Dateline*.<sup>9</sup> Finally, there were suggestions that the PNGDF might send a unit to capture the renegade Guadalcanal militant Harold Keke.<sup>10</sup> While it is unclear how credible Australian policy-makers judged these reports, it is certain that they considered any such intervention an alarming prospect that would produce further instability while undermining Australia's pre-eminent role in the region.

### **Advocates of intervention**

In Australia, the recently-formed ASPI, formally independent though funded by the federal government and with close ties to DoD, began to play an important role in shaping Australian strategic policy. Its founding director was Hugh White, a former senior adviser to Defence Minister Kim Beazley and Prime Minister Bob Hawke and Deputy Secretary for Strategy and Intelligence in the Department of Defence from 1995 to 2000. White's credentials as a strategic analyst and familiarity with the Defence bureaucracy and ministers, together with his reputation for clear analysis and plain speaking, made him a particularly effective policy advocate.

One of ASPI's first reports, released in November 2002 just after the Bali bombings, addressed directly the regional implications of the changing international environment.<sup>11</sup> Entitled *Beyond Bali*, it illustrated several key aspects of the changing thinking around the security implications of the Solomon Islands conflict. Most

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8 Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.741.

9 Alfred Sasako, 'Peace Operation Brings Hope and Optimism', *Islands Business*, September 2003, p.27, cited in Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.741; Solomon Islands Broadcasting Corporation (SIBC), 30 Aug. 2003, cited in Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.742; Special Broadcasting Service, 'Solomons Riddle', *Dateline*, 27 August 2003.

10 Yehiura Hriehwazi, 'PNGDF About to Launch Crack Unit after Warlord when Australia Intervened', *National*, 30 June 2003, cited in Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.741.

11 Aldo Borgu, *Beyond Bali: ASPI's Strategic Assessment 2002*, Canberra, Australian Strategic Policy Institute, 2002.

significantly, it marked an early application of the term 'failed state' to Australia's Pacific island neighbours. It heralded the change in thinking around the options that Australian policy-makers should consider. Most notably, it recommended explicitly that Australia take a 'new and more active role in helping [PNG, Solomon Islands and Vanuatu] get back on their feet.'<sup>12</sup>

The 'failed states' analysis provided Australian policy-makers with a new understanding of the problems facing certain Pacific islands and of the appropriate policy responses. The term had gained international currency from the link between the Al-Qaeda plotters of '9/11' and the 'failed state' of Afghanistan. The UN-authorized military campaign in Afghanistan demonstrated the lengths to which a state might legitimately go to defend itself from the threat of terrorist attack. Closer to home, the presumed involvement of Jemaah Islamiah in the Bali bombings demonstrated that groups with hostile intentions toward Australian interests were already active in the Asia-Pacific region.

Critical to the change of official policy was the role played by proponents of ASPI's analysis and advocates of its prescriptions. Foremost among these 'policy entrepreneurs' was the Pacific correspondent for *The Australian*, Mary-Louise O'Callaghan. She had worked in the Pacific islands as a journalist since 1987 and played a key role in exposing the 1997 Sandline Affair. She had married Solomon Islands trade unionist and politician Joses Tuhanuku in the early 1990s and settled in Honiara, giving her a very personal interest in Solomon Islands.

On returning to Australia to give birth during the 1998 federal election campaign, O'Callaghan was struck by the absence of public discussion of the poor state of relations between Australia and its Pacific island neighbours. This realisation helped to convince her of the importance of increasing the level of knowledge and experience of the Pacific islands within the Australian bureaucracy. From 2000, her writings consistently advocated deeper Australian involvement in the Pacific islands, and especially Solomon Islands.<sup>13</sup>

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12 Aldo Borgu, *Beyond Bali*, p.29.



Other advocates of a strengthened Australian engagement with the Pacific islands included journalist Graeme Dobell and political scientist Mark Otter. Dobell presented an influential argument in favour of deeper engagement in multiple fora under the provocative title 'The South Pacific: Policy Taboos, Popular Amnesia and Political Failure'.<sup>14</sup> Otter, who was editor of the 2002 Solomon Islands Human Development Report<sup>15</sup> prepared under the auspices of the UNDP, supported this position in fora such as the Australian Broadcasting Corporation (ABC) programme *Perspective*.<sup>16</sup> His submission to the 2003 Senate inquiry into Australia's relations with PNG and the Pacific islands was titled bluntly 'Australia must intervene militarily to restore law and order in Solomon Islands'.<sup>17</sup>

### ***Policy entrepreneurs: ASPI and 'Our Failing Neighbour'***

In June 2003, ASPI released a second publication that was intimately connected with the direction that Australian policies would take in Solomon Islands.<sup>18</sup> Entitled *Our Failing Neighbour: Australia and the Future of Solomon Islands*, it was prepared by Elsin Wainwright, an international relations scholar who had worked with the International Crisis Group in Bosnia before joining ASPI. Its three primary authors were Mary-Louise O'Callaghan, Melanesian specialist Quinton Clements and Australian diplomat Greg Urwin. Solomon Island 'perspectives' were offered by

13 For example, Mary-Louise O'Callaghan, 'How We Dropped the Coconut', *Australian*, 27 May 2000, p.25; Mary-Louise O'Callaghan, 'It's Time to Take a Stand', *Australian*, 6 June 2000, p.8; Mary-Louise O'Callaghan, 'Our Message So Far – Fend For Yourselves', *Australian*, 9 June 2000, p.8; Mary-Louise O'Callaghan, 'We Fiddle as Honiara Burns', *Australian*, 15 June 2000, p.8; Mary-Louise O'Callaghan, 'Downer Role Better Late than Never', *Australian*, 29 June 2000, p.9; Mary-Louise O'Callaghan, 'A Pacific Insecurity Risk', *Australian*, 21 August 2000, p.7; Mary-Louise O'Callaghan, 'Canberra is Colluding in the Solomons' Demise', *Australian*, 6 June 2001, p.13.

14 Graeme Dobell, *The South Pacific: Policy Taboos, Popular Amnesia and Political Failure*, The Menzies Research Centre Lecture Series, Australian Security in the 21st Century; Graeme Dobell, 'The Reluctant Pacific Nation: Policy Taboos, Popular Amnesia and Political Failure', *Quadrant*, Vol.47, No.5, 2003, pp.16-23; Graeme Dobell, 'The South Pacific', pp.16-30.

15 Government of Solomon Islands, *Solomon Islands Human Development Report 2002: Building a Nation*, Windsor, Queensland, Mark Otter, 2002.

16 Mark Otter, 'The Crisis in the Solomon Islands', *Perspective*, 9 July 2002, <<http://www.abc.net.au/radionational/programs/perspective/mark-otter/3516390>> (accessed on 13 July 2011).

17 Mark Otter, *Submission No. 48*, Senate Standing Committee on Foreign Affairs, Defence and Trade, Inquiry Into Australia's Relationship with Papua New Guinea and Other Pacific Island Countries <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=fadt\\_ctte/completed\\_inquiries/2002-04/png/submissions/sub48.pdf](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fadt_ctte/completed_inquiries/2002-04/png/submissions/sub48.pdf)> (accessed on 17 October 2010), 2003.

18 Elsin Wainwright, *Our Failing Neighbour*.

Governor-General John Ini Lapli and Speaker of the national parliament, PMC chair and elder statesman Peter Kenilorea. As Director of ASPI, Hugh White contributed an introduction, but more importantly directed the elaboration of the publication, consulting with government agencies and foreign missions, including notably Solomon Island High Commissioner Milner Tozaka, and distributing drafts to foreign affairs and defence officials during the process.<sup>19</sup>

*Our Failing Neighbour* advocated unequivocally that Australia mount an intervention with the goal of rehabilitating the Solomon Islands state. It argued, firstly, that Australia had national interests in a stable and secure regional neighbourhood, in which governments uphold the rule of law and exercise control over their territories. Secondly, it sought to demonstrate that Solomon Islands was suffering from problems that put it on a certain path to collapse and could not be resolved without outside help. Finally, it applied the 'failed states' doctrine, developed from experiences in Somalia and former Yugoslavia, to Solomon Islands. The implication of this analysis was that while only foreign intervention would arrest the decline, a state-building intervention could successfully rehabilitate Solomon Islands.

Having made its argument in favour of intervention, *Our Failing Neighbour* described in some detail a 'hypothetical' manner in which such an intervention could be mounted. The scenario that it described consisted of a two-phase programme: an initial police, judicial and correctional deployment of around 150 personnel for one year to solve the immediate problems of violence and corruption; and a second phase of helping to build new institutions of governance and security to address underlying social and economic problems. More controversially, it suggested that an *ad hoc* multilateral agency be constituted to take control of certain areas of governance in Solomon islands, notably law and order and financial management, and to provide substantial input into other key areas. It estimated the cost of the operation at \$853m over ten years, of which it assumed Australia would contribute around half.

Although ASPI termed *Our Failing Neighbour* a 'report', this term belied its overt championing of a particular course of action and the role its authors sought to play in

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19 Mary-Louise O'Callaghan, 'Pacific Policeman', *Australian*, 14 June 2003, p.23.

advancing that cause both to government and to a wider audience. To that end, they made use of colourful language and hyperbole in support of their argument. Examples include the metaphor of Solomon Islands becoming the 'petri dish in which transnational and non-state security threats can develop and breed' or a 'kind of post-modern badlands.'<sup>20</sup> They raised the possibility of terrorists using Solomon Islands as a base, and made scant mention of either the costs or risks involved in the intervention they proposed.<sup>21</sup> Interviewed in the course of this research, White explained that while the mention of terrorism made it easier for the public to accept the idea of intervening in Solomon Islands, one could not place much weight on that particular argument.<sup>22</sup> Nonetheless, this rhetorical use of the language of security should be seen as an aspect of the 'securitisation' of Australian policy in the Pacific islands.<sup>23</sup>

### ***The critical juncture: deciding to intervene***

In early 2003, all the requisite elements came together to trigger a change of Australian policy in Solomon Islands. Policy-makers were aware that the policies of the last three years had failed to achieve their objectives. They saw the threat of state failure and risk of transnational crime and terrorism as constituting a crisis involving Solomon Islands and the wider region. Finally, a practical solution was at hand in the form of the intervention proposed in the *Our Failing Neighbour* report.

In January 2003, Foreign Minister Downer argued against the proposition that Australia should send troops to Solomon Islands using the words that to do so would be 'folly in the extreme.'<sup>24</sup> Widely interpreted as indicating that the subsequent change of position had yet to occur, this statement was in fact written by DFAT officials and lagged behind Downer's thinking, which had progressed significantly in the direction of the 'failed state' analysis and ASPI's proposed policy response.<sup>25</sup>

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20 Elsinä Wainwright, *Our Failing Neighbour*, p.13.

21 Paul Monk, 'Judgement and the Solomons', *The Diplomat*, Vol.2, No.3, 2003, pp.22-23; Beth K. Greener-Barcham & Manuhia Barcham, 'Terrorism in the South Pacific?', pp.67-82.

22 Hugh White, *Interview conducted by the author*, Canberra, 11 February 2008.

23 Daniel Lambach, 'Security, Development and the Australian Security Discourse about Failed States', *Australian Journal of Political Science*, Vol.41, No.3, September 2006, p.412.

24 Alexander Downer, 'Neighbours Cannot Be Recolonised', *Australian*, 8 January 2003, p.11.

25 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

Nonetheless, the norm of respect for sovereignty remained a sticking point for the adoption of a policy that included the assumption by foreign powers of key responsibilities of the Solomon Islands government. ASPI's report stipulated that this hurdle should be overcome by Solomon Islands' consent but did not mention the Biketawa declaration. This agreement, which the Australian government had been instrumental in having adopted in 2000, required that in addition to the agreement of the Solomon Islands government, any intervention be authorised by the PIF.<sup>26</sup>

Prime Minister Kemakeza's letter to Howard on 22 April signalled his acceptance of the general terms of the intervention and fulfilled the first condition imposed by the norm of respect for Solomon Island sovereignty. He and other members of the Solomon Islands government were kept informed of the shift in thinking in progress in Canberra through the informal communication channels that Hugh White had opened with High Commissioner Tozaka. Moreover, it is highly probable that Australian officials in Honiara actively helped Kemakeza to write the letter. With the backing of Australia and New Zealand, whose foreign minister, Phil Goff, also favoured intervention in Solomon Islands, and the obvious desire in Solomon Islands, the authorisation by the PIF required by the Biketawa declaration was assured.

The hurdle of Solomon Islands sovereignty thus cleared, the intervention entered the planning stage as attention turned to its finer details. On 5 June, Kemakeza was brought to Canberra in the Australian prime minister's VIP jet to discuss the terms of the prospective intervention. Following meetings attended by the two prime ministers, Downer and Defence Minister Hill, Howard announced that Australian intervention would be conditional on the Solomon Islands government's committing to economic and governance reforms.<sup>27</sup>

It is particularly noteworthy that these preparations for intervention in Solomon Islands occurred during the preparation of ASPI's report. Downer's launch of *Our Failing Neighbour* took place on 10 June, less than a week after Kemakeza's meeting in Canberra.<sup>28</sup> The simultaneity of these events was no coincidence but a product of the

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26 Pacific Islands Forum, *Biketawa Declaration*.

27 Mary-Louise O'Callaghan, 'PM Offers Solomons Force', *Australian*, 6 June 2003, p.9.

tight connection between the elaboration of the report and the change in policy that it prefigured.

### **Preparing the Regional Assistance Mission to Solomon Islands**

Over the next month, plans for the mission advanced rapidly in Australia, Solomon Islands and other PIF members. The Australian government sought the involvement of other PIF members and received offers of personnel from Cook Islands, Fiji, Kiribati, Nauru, New Zealand, PNG, Samoa, Tonga and Vanuatu.<sup>29</sup> The financial burden of the mission would be borne by Australia and New Zealand, while PNG contributed military hardware, notably helicopters. Interestingly, a French offer of assistance was declined on the basis that the RAMSI was, under the terms of the Biketawa declaration, an endeavour of the PIF, of which France was not a member.<sup>30</sup>

On 23 July, the Solomon Islands parliament unanimously passed the 'Facilitation Act' that provided the legal basis for the intervention. The next morning, the ADF led the assembled multinational force into Honiara. Making a show of strength, armed soldiers secured the international airport while helicopters flew overhead and warships patrolled the coast. Australia's largest military operation in the South Pacific since the Second World War was thus begun just months after the idea was first publicly mooted.<sup>31</sup> It rapidly achieved its immediate objectives of disarming the militants and restoring law and order to Honiara and provincial towns. Public displays of strength helped to secure the surrender of weapons, many of which were destroyed in public ceremonies.

The successful deployment of RAMSI and its rapid success in achieving its initial objectives were a source of great pride for the Australian government, and widely supported in Australia and the region. RAMSI was welcomed by the ALP Opposition

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28 Alexander Downer, *Our Failing Neighbour: Australia and the future of Solomon Islands*, Speech at the Launch of the Australian Strategic Policy Institute report, 10 June 2003, <[http://www.foreignminister.gov.au/speeches/2003/030610\\_solomonislands.html](http://www.foreignminister.gov.au/speeches/2003/030610_solomonislands.html)> (accessed on 30 September 2010).

29 RAMSI, *Why RAMSI Was Formed*, <<http://www.ramsi.org/about/history.html>> (accessed on 16 June 2011).

30 Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.741.

31 Richard Ponzio, 'The Solomon Islands', p.173.

and usually more critical voices such as commentator Phillip Adams and Australian Greens leader Bob Brown.<sup>32</sup> A Newspoll public opinion survey found that three-quarters of the Australian public supported the intervention.<sup>33</sup> *Pacific Magazine* recognised Australia's increased stature in the Pacific islands by naming John Howard as 2003 Pacific Man of the Year.<sup>34</sup>

RAMSI also heralded a more assertive Australian foreign policy in the region and greater confidence on the world stage. At the 2003 PIF heads of government meeting held in Auckland in August, Australian officials successfully lobbied to have Australian diplomat and co-author of *Our Failing Neighbour* Greg Urwin elected secretary-general, violating the convention that this post be occupied by a Pacific islander. In an address to the UN General Assembly in September, Downer lauded RAMSI's achievements and criticised the UN's role in international affairs, arguing that 'shibboleths – such as the excessive homage to sovereignty' should not constrain efforts to preserve human values.<sup>35</sup>

### ***Explaining the decision to intervene***

The reversal of Australia's long-standing policy stance against intervention represents an archetype of the policy shift described by the engagement cycle model developed in this thesis. It is also a rare case of a shift in Australian policy toward the Pacific islands that has been described and analysed in detail by analysts, including political scientists Derek McDougall and Tarcisius Tara Kabutaulaka, historian Clive Moore and Michael Fullilove from the Lowy Institute.<sup>36</sup> It thus provides an opportunity to

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32 'Friends in Deed', *Australian Story*, 25 October 2004, <<http://www.abc.net.au/austory/content/2004/s1227379.htm>> (accessed on 17 June 2011); 'Australian Defence Association Says Solomons Action Should Have Been Taken Sooner', *The World Today*, 26 June 2003, <<http://www.abc.net.au/worldtoday/content/2003/s888867.htm>> (accessed on 17 June 2011).

33 Dennis Shanahan, 'Solomons Fillip for Coalition', *Australian*, 5 August 2003, p.2.

34 Rowan Callick, 'Our Pacific Man of the Year – John Howard: The Big Man of the Islands', *Pacific Islands*, 8 December 2003, pp.16-22.

35 Alexander Downer, *Speech to the United Nations General Assembly*, New York, 24 September 2003, <[http://www.foreignminister.gov.au/speeches/2003/030924\\_general\\_assembly\\_ny.html](http://www.foreignminister.gov.au/speeches/2003/030924_general_assembly_ny.html)> (accessed on 25 November 2010).

36 Derek McDougall, 'Intervention in Solomon Islands', p.213-23; Tarcisius Tara Kabutaulaka, 'Australian Foreign Policy and the RAMSI Intervention in Solomon Islands', pp.283-308; Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', pp.732-48; Michael Fullilove, *The Testament of Solomons: RAMSI and International State-Building*, Sydney, Lowy Institute for International Policy, 2006.

apply the insights of the model to build on those descriptions and evaluate their analyses.

There is a broad consensus on the importance of a range of factors underlying the decision to intervene. First among these was the recent history of turmoil and parlous state of social, economic and political life in Solomon Islands. Recent successful Australian interventions in Bougainville and East Timor increased the government's confidence in Australia's ability to make a positive difference. The belief that Solomon Islands could become a 'failed state' and harbour criminal or even terrorist threats to Australia dramatically increased the perceived cost of inaction. However, identifying the precise connections among these factors and the decision that was finally made is less straightforward, and clear differences exist among the analyses.

McDougall draws particular attention to a number of recent events that underscored the dire state of affairs in Solomon Islands.<sup>37</sup> These were, first, the murder of the widely respected former police commissioner and actor in the peace process, Fred Soaki, in February 2003, and of Australian missionary Lance Gersbach in May. Second, a collapsed pyramid investment scheme had led to threats against banks in Solomon Islands and their temporary closure. While these events were both dramatic and emblematic of the deteriorating situation in Solomon Islands, they were not unique in this respect so it remains unclear why they should have driven a change in policy at this time.

Fullilove includes two additional explanatory factors for the decision to intervene.<sup>38</sup> The first, the humanitarian imperative, fails to explain the rapid decision in 2003 given the long-standing nature of the conflict and repeated Australian rejection of calls to intervene. His second factor, the fact that deploying Australian troops in Solomon Islands would demonstrate Australian commitment to international stability while providing a justification for not sending more troops to the far more dangerous mission in Iraq, is more plausible. It resonates with the observation that Howard chose to make only a modest commitment in Iraq that would maximise his political

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<sup>37</sup> Derek McDougall, 'Intervention in Solomon Islands', p.217.

<sup>38</sup> Michael Fullilove, *The Testament of Solomons*, pp.7-8.

dividend by minimising Australian casualties.<sup>39</sup> While no evidence is available that this calculation was a motivation for the intervention in Solomon Islands, it is inconceivable that the government was unaware of or did not consider this effect.

In contrast, Kabutaulaka finds an explanation for the intervention in Australian officials' representation of the Pacific islands and of Australia's relationship with them.<sup>40</sup> As a negotiator for the IFM and close relative of key Guadalcanal leaders, Kabutaulaka was keenly aware of the extent of the unrest that had affected Solomon Islands since late 1998, and the Australian government's ignoring of repeated requests for assistance. He pays particular attention to implications of the use of the contested term 'failed state' for Australian policy toward Solomon Islands.<sup>41</sup> Notably, he identifies a continuity between consistently negative images of the region in the earlier 'doomsday' and 'Africanisation' scenarios and the 'failing state' images invoked in justification of Australian intervention. The key difference between these earlier discourses and 'failed states' was the shift in the focus of security concerns on to non-state actors whose potential presence in failed states justified a 'pre-emptive strike' in Solomon Islands. However, without a more detailed examination of the roles and motivations of key players who drove the decision to intervene, Kabutaulaka risks taking their statements at face value rather than seeing them as consciously made for a particular purpose. His analysis thus serves better to illuminate the background against which the decision was made than to explain the decision itself. Nonetheless, he makes the important point that the rhetorical strategies mobilised by policy entrepreneurs served both to create and shape the intervention.<sup>42</sup>

Of the analysts who have studied the decision to intervene, only Moore makes the Australian domestic political and policy context the central focus.<sup>43</sup> In his analysis,

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39 Paul Kelly, *Howard's Decade: An Australian Foreign Policy Reappraisal*, Double Bay, Lowy Institute for International Policy, 2006, pp.57-8.

40 Tarcisius Tara Kabutaulaka, 'Australian Foreign Policy and the RAMSI Intervention in Solomon Islands', p.297.

41 See Daniel Lambach, 'The Perils of Weakness: Failed States and Perceptions of Threat in Europe and Australia', Institute for Political Science, Philipps University Marburg, 2004; Sinclair Dinnen, 'Lending a Fist?', pp.5-6.

42 For a discussion of problems inherent in the application of the 'failed states' to Solomon Islands see Shahar Hameiri, 'The Trouble With RAMSI: Reexamining the Roots of Conflict in Solomon Islands', *The Contemporary Pacific*, Vol.19, No.2, 2007, pp.409-41.

43 Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', pp.732-48.



Downer was the central actor, who, persuaded by the advocates of intervention, went on to convince Howard to change his position. Moore deduces that Downer's success was due to the intervention's being in Howard's personal, political and electoral interest. This, he argues, was because it diverted attention from the embarrassment over the failure to find weapons of mass destruction in Iraq as well as domestic taxation and refugee policies. Howard's reputation for political acumen is well known and deserved, and the widespread popularity in Australia of RAMSI provided further confirmation of this. However, the claim that he was facing serious popular discontent at this time over any of the policy issues that Moore identifies is neither borne out by the evidence nor necessary to explain the change in policy. Howard's readiness to intervene in the region had been demonstrated in Bougainville and again in East Timor. Moreover, in making Downer the key actor, Moore downplays the critical role that Hugh White and ASPI played in advocating intervention, helped by his prior familiarity with Howard from his time at DoD and in particular during the Sandline crisis.

This thesis identifies the critical factor that pushed the government to intervene in Solomon Islands in ASPI's elaboration and publication of *Our Failing Neighbour*. The influence of that report on the decision to intervene has been widely acknowledged.<sup>44</sup> However, more than simply an influence, the report's elaboration and publication were integral to the decision-making process. This decision thus blurred the distinction between advocates and foreign policy-makers in what Gyngell and Wesley describe as a 'pervasive culture of collegiality' in Canberra.<sup>45</sup> Indeed, the report's publication coincided almost perfectly with Howard's presentation to Kemakeza of the planned mission.<sup>46</sup> As early as 2002, White had understood from his reading of the mood of policy-makers that they were ready to accept the ideas presented in the report. From late that year, he worked actively in the role of policy entrepreneur,

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44 For example, Daniel Flitton, 'Issues in Australian Foreign Policy: July to December 2003', *Australian Journal of Politics and History*, Vol.50, No.2, 2004, p.236; Stewart Firth, *Australia in International Politics: An Introduction to Australian Foreign Policy*, Crows Nest, N.S.W., Allen & Unwin, 2005, p.80; Eric Shibuya, 'Pacific Engaged, or Washed Away? Implications of Australia's New Activism in Oceania', *Global Change, Peace & Security*, Vol.18, No.2, June 2006, p.76.

45 Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, p.40.

46 Michael Fullilove, *The Testament of Solomons*, p.7.

presenting options for discussion within the foreign and defence policy communities.<sup>47</sup> In this manner, he placed on the agenda the possibility of intervening in Pacific island states that were identified as 'fragile' or 'failing'. Through these discussions, he was able to judge the reception that his proposals would have within DFAT and to frame them in the most favourable manner.

### ***Building on success: the 'new interventionism'***

Following on RAMSI's early success in disarming the militants and restoring stability to Solomon Islands, the government moved rapidly to apply the new interventionist model in other Pacific island countries, notably PNG, Nauru and Vanuatu. It introduced variations of the 'new intervention' more widely by having Australian officials appointed to critical positions in Pacific island bureaucracies. This renewed Australian engagement with the Pacific islands was generally welcomed both in the Australian policy community and in the region.<sup>48</sup> However, it was soon beset by problems as Pacific island governments came to resent its forcefulness and voiced their resentment at what they perceived as or claimed to be Australian insensitivity and bullying. This effect was accentuated as the range of government agencies involved in the Pacific islands was greatly expanded, bringing with them younger and less experienced staff.

### **Enhanced cooperation in PNG**

In August 2003, immediately after the launch of RAMSI, Downer, Howard and Treasurer Peter Costello formulated the idea of replicating the strategy of placing Australian officials in PNG government agencies as a means of ensuring the good management and delivery of Australian aid.<sup>49</sup> Howard was especially pessimistic about the economic and social prospects in PNG and thought that there was a good chance that the country would implode and require the deployment of the ADF to stabilise it. There were certainly good reasons to be concerned: infrastructure was in very poor state; violent crime in the major centres had assumed alarming dimensions;

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47 Clive Moore, 'Australia's Motivation and Timing for the 2003 Intervention in the Solomon Islands Crisis', p.740.

48 Sinclair Dinnen, 'Lending a Fist?', p.9.

49 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

and AIDS was a serious and rapidly growing problem.<sup>50</sup> Cabinet agreed on a plan to send diplomat Bob Cotton as special envoy to Port Moresby to demand greater accountability in the use of Australian aid and the positioning of Australian officials in senior positions in the bureaucracy.<sup>51</sup> Animosity within Cabinet between Downer and Attorney-General Philip Ruddock led to an exercise in one-upmanship between the two over the strength of the stand that Australia should take. Interviewed during this research, Downer conceded that it was probably a mistake to have had Cotton 'read the riot act' to Somare because it antagonised him unnecessarily.<sup>52</sup>

Some accounts of the background to the ECP claim that the intervention originated with a request from inside PNG. Director of the PNG think-tank the Institute of National Affairs and long-term commentator on PNG economic affairs, Michael Manning, wrote in an article that PNG officials sought Australian assistance, but provided no evidence in support of this claim.<sup>53</sup> An Australian diplomatic official interviewed as part of this research stated that the ECP had its origins in a request from then Treasurer Bart Philemon for assistance in dealing with the financial crises he was facing.<sup>54</sup> The DAC's 2005 review of Australia's development assistance programme asserts that PNG 'invited Australia to help strengthen basic law and order and administrative functions.'<sup>55</sup> It is certainly possible that Philemon, who is generally supportive of Australian objectives in PNG, made an informal request. However, given the fillip it would have given to the legitimacy of the operation, the fact that in no official statement was any such request mentioned renders these claims implausible. Rather, the fact that reports of a formal invitation reached the DAC review is better explained by the desire on the part of Australian officials to create the impression that one had been extended.

The official Australian position that the ECP was a partnership between the two governments was further strained by the protracted negotiations and disagreements

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50 Ben Scott, *Re-Imagining Papua New Guinea*, pp.19-41.

51 Mary-Louise O'Callaghan, 'Somare Issues His Own Aid Position', *Australian*, 29 August 2003, p.8.

52 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

53 Michael Manning, 'Papua New Guinea Thirty Years On', *Pacific Economic Bulletin*, Vol.20, No.1, May 2005, p.145.

54 Uncited interviewee with background in Australian diplomacy.

55 Organisation for Economic Cooperation and Development, *DAC Peer Review of Australia 2004*, Paris, OECD, 2005, p.11.

that preceded its formal adoption in July 2004. Prime Minister Somare was particularly reluctant to accept the intervention and went as far as announcing a plan to phase out Australian aid.<sup>56</sup> According to the account of political scientist Allan Patience, Somare held out against the proposal for some ten months until he was won over by a coterie of 'progressive' ministers.<sup>57</sup> This may be overstating the case, as the agreement was held up by unrelated political manoeuvring, notably Somare's suspension of Parliament and reshuffling of his government in order to avoid a threatened no-confidence vote. The enabling legislation was finally passed in the PNG parliament against the background of a boycott by the opposition, although there was no suggestion that this affected the outcome of the vote.

The principal stumbling block in the negotiation of the agreement was the issue of immunity from prosecution for Australian police officers. A norm in international policing operations, 'sovereign immunity' is designed to avoid the possibility of vexatious accusations. The AFP commissioner, Mick Keelty, would not countenance the deployment of police officers if they were not granted such immunity.<sup>58</sup> Minister Downer held talks on several occasions with his counterpart, Rabbie Namaliu, to break the deadlock, resulting in an agreement that any accusations against Australian police officers would be prosecuted in Australia.<sup>59</sup> This agreement still did not satisfy the governor of Morobe province and firm opponent of the ECP, Luther Wenge, who maintained that it was unconstitutional. In May 2005, the PNG Supreme Court agreed, and the police patrol component of the ECP was immediately stood down and subsequently terminated. Although Howard suggested that a solution might lie in amending the constitution, a point that he reiterated when interviewed during this research, he was probably underestimating the difficulties that would be involved.<sup>60</sup> Nonetheless, the other components of the ECP remained, and are still in place at the time of writing in 2012.

56 Mary-Louise O'Callaghan, 'Somare Issues His Own Aid Position', *Australian*, 29 August 2003, p.8.

57 Allan Patience, 'The ECP and Australia's Middle Power Ambitions', p.9.

58 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

59 Patricia Karvelas, 'Downer and PNG at Odds over Immunity for Police', *Australian*, 16 March 2004, p.4; 'Police Deal to Break PNG Deadlock', *Australian*, 5 June 2004, p.7. For details of the agreement, see Charles Hawksley, 'The Intervention You Have When You're Not Having an Intervention: Australia, PNG and the Enhanced Cooperation Program', *Social Alternatives*, Vol.24, No.3, 2005, p.36.

60 Charles Hawksley, 'The Intervention You Have When You're Not Having an Intervention', p.37; John Howard, *Interview conducted by the author*, Sydney, 17 February 2011.

## Robust response in Vanuatu

In early September 2004, the Vanuatu government gave two AFP officers on assignment in the country notice to leave and announced plans to expel two AusAID officials whom it accused of spying. These events occurred in the context of a fraught struggle for political power in Vanuatu exacerbated by diplomatic rivalry between China and Taiwan. They opened a new chapter in a longer story of antagonism between the Australian government and Vohor and his foreign minister, Barak Sope, which threatened to undermine Australian efforts to enforce its 'good governance' agenda in Vanuatu.

Following months of political turmoil, Vanuatu's national election on 6 July 2004 produced a particularly fragmented parliament.<sup>61</sup> After three weeks of negotiations, Serge Vohor succeeded in assembling a fragile majority of 23 members from five different parties plus five independents out of a total of 52 seats, and became prime minister.<sup>62</sup> Vohor, his foreign minister, Barak Sope, and other members of the new government had a record of opposing Australian influence, notably the 'good governance' agenda implemented through the Comprehensive Reform Program (CRP) since 1997.<sup>63</sup> As foreign minister in 1992, Vohor had expelled the Australian high commissioner, accusing him of interfering in Vanuatu affairs after he expressed concern over an Act of Parliament that gave the finance minister discretion over the issuing of business licences.<sup>64</sup> Sope's animosity toward Australia was also personal, as he had been convicted on a charge of forgery in 2002 on the testimony of two AFP officers.<sup>65</sup>

On becoming prime minister on 30 July, Vohor began publicly attacking Australia's role and influence in Vanuatu. On 5 September, Sope announced the expulsion of the two AFP officers while two AusAID officials were accused of spying and ordered to

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61 Anita Jowitt, 'Vanuatu', *The Contemporary Pacific*, Vol.17, 2005, pp.459-60.

62 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.355.

63 Michael G. Morgan, 'The Origins and Effects of Party Fragmentation in Vanuatu', in Roland Rich (ed.), *Political Parties in the Pacific Islands*, Canberra, ANU E Press, 2008, pp.129-132; Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.355.

64 Tony Wright & Mary-Louise O'Callaghan, 'Diplomatic Row with Vanuatu Deepens', *SMH*, 6 July 1992, p.7.

65 Radio Vanuatu, 'Posters Criticizing Australia, New Zealand Appear in Vanuatu Capital', 3 October 2002.

leave the country.<sup>66</sup> Consistent with his firming stance toward the Pacific islands, Minister Downer responded immediately by threatening not only to reduce Australian aid but to encourage other donors to do likewise.<sup>67</sup> After initially calling Downer's bluff, Sope backed down following events, notably the recovery of a significant drug haul, which strengthened the hand of those supporting the Australian police presence in Vanuatu. A new memorandum of understanding was negotiated to cover the work of the Australian police officers.<sup>68</sup> The rescinding of the expulsion orders was not, however, the end of the affair.

Against this background of political turmoil and mounting tensions with the Australian government, Vohor was searching for replacement sources of aid, in particular by seeking to exploit the China-Taiwan rivalry. Vanuatu had held diplomatic relations with China since 1982 and respected the 'One China' policy.<sup>69</sup> In September, Vohor visited China, where he received a commitment to further cooperation.<sup>70</sup> Less than two months later he visited Taiwan, where he signed a communiqué with Foreign Minister Tan Sun Chen, in which he agreed to establish full diplomatic relations.<sup>71</sup> Various Vanuatu government officials were later reported as announcing that Taiwan had promised a financial package of US\$28 million over five years or combined aid and private investment of US\$40 million per year.<sup>72</sup> Given that the 'going rate' for recognising Taiwan was around US\$10 million per year, the latter figure represents a significant increase and presumably the culmination of a bidding war between China and Taiwan. Based on his public statement, Vohor believed that he could obtain the benefits of this agreement with Taiwan while maintaining the diplomatic relationship with China. This notion was quickly repudiated by Chinese officials, who immediately threatened to cut all aid.

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66 John Kerin, 'Vanuatu Accuses Canberra of Spying', *Australian*, 6 September 2004, p.2.

67 Craig Skehan, 'Vanuatu Aid at Risk over Spy Claim', *SMH*, 8 September 2004, p.2; Mary-Louise O'Callaghan, 'You Can Keep Your Aid, Says Vanuatu', *Australian*, 10 September 2004, p.7.

68 Mary-Louise O'Callaghan, 'Vanuatu Drug Haul Valued at \$40m', *Australian*, 13 September 2004, p.2; Mary-Louise O'Callaghan, 'Vanuatu Reverses Aussies' Expulsion', *Australian*, 15 September 2004, p.2.

69 Embassy of the People's Republic of China in the Republic of Vanuatu, *China-Vanuatu Relations*, Media Release, 20 June 2008, <<http://vu.chineseembassy.org/eng/zwgx/t467290.htm>> (accessed on 12 October 2010).

70 'China Desires to Further Cooperation with Vanuatu: Premier', *Xinhua*, 10 September 2004.

71 'Vanuatu Becomes ROC's 27th Diplomatic Ally', *Central News Agency*, 3 November 2004.

72 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', pp.357-58.

Vohor's diplomacy was particularly troubling from a governance perspective. He kept his visit to Taiwan secret from his government and concluded the agreement without the consent of Cabinet.<sup>73</sup> Indeed, the Cabinet and even Vohor's own party publicly opposed the agreement with Taiwan. Vohor further upped the ante by announcing, in what was later revealed to be a fabrication, that his colleagues had changed their minds and now favoured the agreement.<sup>74</sup> He then reshuffled his Cabinet, as the opposition tabled a motion of no confidence in the government. As rival factions jostled for political power, MPs actively fanned a bidding war between China and Taiwan, and there were reports of wads of US\$100 notes in the hands of MPs and their families.

For Australian officials, the 'chequebook diplomacy' practised by China and Taiwan in Vanuatu caused particular concern and demanded a decisive response. They saw it as undermining the central objective of good governance in Australian development assistance. Indiscriminate lavishing of funds both fuelled corruption directly and provided an alternative source of funding to Australian aid with no accountability requirements. Minister Downer therefore mobilised Australian diplomacy to bring these practices to a halt. Officials lobbied China, and presumably Taiwan, to refrain from engaging in a bidding war, but were ignored.<sup>75</sup> Downer then took measures that followed the pattern established since 2003 in Solomon Islands and PNG. Senior officials Ric Wells from DFAT and Charles Tapp from AusAID were dispatched to Port Vila to warn Vanuatu officials that if they did not improve the standard of governance, Australia would downgrade its relationship with Vanuatu.<sup>76</sup> In order to guarantee this outcome, they insisted on the presence of Australian advisors and AFP officers in Vanuatu, and offered the incentive of an increase in the aid budget.<sup>77</sup> In addition, Downer made a personal intervention on the Vanuatu political stage. As Vohor delayed a vote of no confidence in his government with a constitutional challenge, Downer publicly challenged the Vanuatu parliament and people to decide whether it

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73 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', pp.358-59.

74 'Cabinet Reshuffled Amid PM's Taiwan Controversy', *PACNews*, 25 November 2004.

75 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.359.

76 Patrick Walters, 'Canberra Lays Down the Law to Vanuatu', *Australian*, 26 November 2004, p.7.

77 Australian High Commission in Vanuatu, Transcript of Australian Officials' Press Conference, 26 November 2004, cited in Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.359.

wanted Australian aid or not.<sup>78</sup> Vohor subsequently lost the vote, and Ham Lini was elected prime minister. Downer immediately congratulated Lini and days later made an unscheduled visit to Port Vila, where he signed an agreement with the new government, committing it to 'good governance and economic reform'.<sup>79</sup> The accession of Lini's more compliant government effectively ended the episode for the Australian government.

The Australian intervention in Vanuatu had lasting repercussions for Australia's relationship with Taiwan. Despite Australia's official neutrality in the diplomatic rivalry between China and Taiwan, Australian diplomatic officials generally attempt, not always successfully, to discourage Pacific islands from switching sides.<sup>80</sup> Owing to China's greater number of allies and Taiwan's active pursuit of them at this time, the Australian policy translated into greater support for China than for Taiwan. This imbalance can be seen in the examples of PNG in 1998, Kiribati in 2003 and Vanuatu in 2004, in each of which Australian diplomats attempted to dissuade the Pacific island government from moving into the Taiwanese camp, albeit unsuccessfully in the case of Kiribati. The impression of cooperating with China in its efforts to exclude Taiwan from the region was reinforced during the Vanuatu episode when Wells, perhaps inadvertently, admitted that the Australian government preferred that Vanuatu pursue the 'One China' policy.<sup>81</sup> The Taiwanese foreign minister responded to this statement by publicly rebuking Australia for meddling in the relationship between Taiwan and Vanuatu.<sup>82</sup>

Australia's robust response to events in Vanuatu illustrates key points in the evolution of Australian policy-making. It was provoked by a situation in which Australian objectives, though not its immediate security interests, were seen to be at stake. Downer's intervention in Vanuatu politics, in which he implicitly if unambiguously took the side of one faction over another, was unprecedented. While the denouement

78 'Downer Issues Aid Challenge to Vanuatu', AAP, 9 December 2004.

79 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008; Department of Foreign Affairs and Trade, *Annual Report 2004-2005*, Canberra, Commonwealth of Australia, 2005, p.65.

80 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', pp.354-55.

81 Australian High Commission in Vanuatu, Transcript of Australian Officials' Press Conference, 26 November 2004, cited in Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.359.

82 Tai-lin Huang, 'Vanuatu: Canberra Told Not to Meddle: MOFA Taiwan', *Taipei Times*, 30 November 2004, p.1, cited in Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.360.



was relatively smooth, the unforeseen consequences of the drama, and in particular Australian officials' lasting negative impressions of Taiwan, would affect Australian responses to subsequent events in Solomon Islands.

### **The end of the beginning**

The year 2004 marked the pinnacle of Australian engagement under the policies of the 'new interventionism' and glimpses of its future direction were becoming evident. In addition to the formal interventions in Solomon Islands and PNG, the Pacific Regional Assistance to Nauru (PRAN) had been established in response to a request by the Nauru government and the CRP was renewed in Vanuatu. In each of these countries, Australian and other foreign officials were employed in 'line' positions of direct responsibility within the finance, police and other ministries. The relative inexperience, large salaries and occasional indiscretion of many of these personnel, derogatively referred to as 'babycrats', contributed to local resentment toward them.

The evolution of the policy was reflected, firstly, in the drivers of the successive decisions to intervene. Whereas the initial trigger in Solomon Islands had been the perception of social and economic crisis, in PNG and Vanuatu there had merely been a threat to the objective of 'good governance' and the PRAN was simply requested by the Nauru government. Secondly, Australian officials paid progressively less attention to having the interventions legitimated by the government of the recipient country or by the PIF. While RAMSI and PRAN had a regional imprimatur and were created in response to explicit requests, the ECP was agreed bilaterally, following Australian demands for greater accountability and only after protracted negotiations. Finally, the involvement in Vanuatu was only made possible after overt threats to withdraw aid and Downer's intervention on the political stage, which contributed to a change of government.

This evolution in the forcefulness of Australian diplomacy reflected Minister Downer's growing assertiveness in the face of what he and DFAT officials perceived to be poor governance and often blatant corruption. Downer became increasingly willing to confront Pacific island leaders who overtly resisted the governance agenda that

Australian foreign policy sought to promote. His confrontational style, which initially furthered Australian objectives, also generated resentment among Pacific island leaders and peoples that would hinder them in the future. Over the next three years, Australian relationships with its closest Pacific island neighbours came to be characterised by confrontation and the breakdown of diplomatic relations.

### ***Resisting intervention: the Pacific strikes back***

Beginning in 2005, a series of incidents demonstrated to policy-makers the limits of Australia's influence in the Pacific islands and dampened their enthusiasm of the previous two years. Diplomatic tensions with PNG and Solomon Islands served as a bellwether for the disaffection of those countries' leaders with the increased Australian intrusiveness. The practical freezing of ministerial contact and disruptions to diplomatic relations prevented the regular contact that would ordinarily have helped to ease friction and allowed grievances to be aired. In 2006, policy-makers were once again caught short by unforeseen events in the region. Riots in Solomon Islands in the wake of its election undermined RAMSI's legitimacy while another coup in Fiji challenged policy-makers to balance the competing demands of promoting democracy, maintaining Australian influence and furthering strategic and commercial interests in Fiji.

### **The shoe incident: Somare faces a security check in Brisbane**

On 24 March 2005, PNG Prime Minister Michael Somare was made to remove his shoes in a security check at Brisbane airport. On arriving in Port Moresby, he declared the incident an insult to leadership in the region that he would protest to the Australian government.<sup>83</sup> Some 500 demonstrators subsequently marched on the Australian High Commission in Port Moresby demanding an apology and forced the temporary closure of the High Commission.<sup>84</sup> Howard and Downer declined to apologise, arguing that they and other leaders also underwent security measures when they travelled. Responding to this incident, the speaker of the Indian parliament

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83 'Papua New Guinea Leader Protests to Australia Over Shoe Search', *AFP*, 29 March 2005.

84 Lloyd Jones, 'PNG', *AAP*, 31 March 2005; 'PNG Protest Plan Closes Aust High Commission', *ABC News*, 1 April 2005, <<http://www.abc.net.au/news/stories/2005/04/01/1336599.htm>> (accessed on 13 December 2010).

cancelled a visit to Australia after his request for security screening to be waived was refused.<sup>85</sup> While Downer sought to play down the significance of the rift, claiming that it simply reflected cultural differences between the two countries, Somare escalated the dispute by suspending future deployments under the ECP.<sup>86</sup> In April, he pointedly chartered an aeroplane at great expense in order to avoid transiting in Australia *en route* to New Caledonia where he was the recipient of an honorary doctorate.<sup>87</sup>

Although it is impossible to determine the factors that drove Somare to escalate the security search into a diplomatic incident, it is worth exploring some considerations. Somare, who bears the title 'Grand Chief' in addition to being a knight of the realm and elder statesman among Pacific island leaders, no doubt feels entitled to being treated with the respect due a person of this stature, as he claimed he always has been in countries including the US and Japan.<sup>88</sup> On the other hand, he had often travelled through Australia and been subject to security checks on other occasions, so it is unlikely that his reaction was driven purely by the perceived slight on this occasion. Moreover, as an experienced and astute politician, Somare is unlikely to have acted as he did without some purpose in mind.

It appears likely that Somare chose to use the security search as a means of resisting the exercise of Australian power inherent in the ECP. The fact that the incident occurred after Somare had lost the struggle to resist the ECP and before the PNG Supreme Court decision that ended the immunity of Australian police officers lends weight to this hypothesis. According to this logic, Somare's response can be seen as a spoiling tactic, or a kind of 'weapon of the weak'. Whether or not he genuinely sought the ending of the ECP and consequent loss of foreign aid, his actions sent the message to a domestic audience that he was taking a stance against the Australian-imposed ECP. This message was reinforced when, following the return of the

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85 'Indian Anger at Aussie Security', *Australian*, 9 April 2005, p.1.

86 'Somare Anger "Cultural"', *Australian*, 11 April 2005, p.5.

87 Cynthia Banham, 'PNG to Foot Bill for Somare Charter Jet', *SMH*, 14 April 2005, p.3.

88 'Chief Secretary Kalinoe and Foreign Affairs Secretary Pepson at the Press Conference Thursday', *PACNews*, 8 April 2005,.

Australian police contingent from the ECP, he allowed the shoes in question to be auctioned to raise money for a police band.<sup>89</sup>

Somare's actions provided further evidence that the reality of the Australia-PNG inter-governmental relationship did not fully correspond with the official rhetoric of partnership. Faced with Somare's evident desire to inflame the tension, Downer responded in an equally confrontational fashion. The stand-off between the two men demonstrates the extent to which their relationship, critical to official relations between the two countries, was characterised by brinkmanship and shows of strength. Whereas Somare appeared to treat these tactics as a kind of game, and readily modified his strategy as circumstances dictated, the same could not be said of all Downer's interlocutors. This became increasingly evident over the following years as Downer repeated his confrontational diplomacy with the leaders of the governments of Solomon Islands and Fiji.

### **Black Tuesday: riots in Honiara**

On Tuesday 18 April 2006, violence erupted on the streets of Honiara, causing widespread damage, especially in the Chinatown neighbourhood, where looting and destruction continued for several days. While the immediate trigger for this outbreak was popular discontent at the choice of prime minister by the recently elected parliament, its sources lay in deeper tensions that RAMSI had not resolved or had even, arguably, exacerbated.<sup>90</sup> The violence, and the failure of the Participating Police Force (PPF) to either foresee or quell it, raised serious questions for RAMSI and for Australia's interventionist approach to the region.

In April 2006, Solomon Islands held its first national elections since RAMSI's arrival in 2003. Reflecting improved security in the country since the last election in 2001, it was contested by a much larger number of parties, candidates and, significantly in a political system dominated by men, women candidates.<sup>91</sup> Nonetheless, the result was close to the historical average, with about half the sitting members returned, including

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89 Lloyd Jones, 'Somare's Airport Incident Shoes Auctioned for Police Band', *AAP*, 29 May 2005.

90 See Shahar Hameiri, 'The Trouble With RAMSI', pp.409-41.

91 Jon Fraenkel, 'The Impact of RAMSI on the 2006 Elections', in Sinclair Dinnen & Stewart Firth (eds.), *Politics and State Building in Solomon Islands*, Canberra, Asia Pacific Press, 2008, p.164.

a small number of established political leaders, and no women elected.<sup>92</sup> The process of selecting prime ministerial candidates was characteristically unpredictable. Stories circulated of bribes being offered and MPs being moved by force from one camp to another.<sup>93</sup> On 'Black Tuesday', 18 April, Parliament convened to elect a prime minister among three candidates. After two rounds of voting, the winner was declared to be Snyder Rini, the former deputy prime minister, who was closely associated with the previous government.

A crowd gathered in front of Parliament House had been waiting on the result for several hours. When Governor-General Nathaniel Waena announced the result from the balcony above, the crowd immediately expressed dissatisfaction at the choice. Discontent escalated into confrontation between stone-throwing protesters and tear-gas wielding PPF officers. The protesters then ran down the hill behind Parliament House into the town centre, where they joined other demonstrators. The crowd began attacking businesses associated with Chinese interests whom they identified with corrupt politicians. For two days, burning and looting continued while the PPF and RSIP had little success in controlling the violence. After two days, troops arrived from Australia, New Zealand and Fiji, and the Governor-General imposed a curfew, effectively ending the street protests.

Rini lasted less than a week as prime minister before resigning ahead of a no-confidence vote that he was set to lose, becoming the shortest serving prime minister in Solomon Islands history. A new round of negotiations to select a prime minister ensued, as did further accusations of dirty dealing. The PPF arrested two MPs and supporters of Manasseh Sogavare, one of the losing candidates from the previous parliamentary vote, who was once again contesting the prime ministership. The two, Charles Dausabea and Nelson Ne'e, were charged with inciting violence in connection with the riots. Nonetheless, they were allowed to place their vote from their police cells as Parliament elected Sogavare as prime minister.

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92 Jon Fraenkel, 'The Impact of RAMSI on the 2006 Elections', p.167.

93 Sam Alasia, 'Rainbows across the Mountains: The First Post-RAMSI General Election', in Sinclair Dinnen & Stewart Firth (eds.), *Politics and State Building in Solomon Islands*, Canberra, Asia Pacific Press, 2008, pp.128-131.

The Australian government and bureaucracy, taken by surprise by the turn of events, were left scrambling not simply to respond but to explain what had taken place. Central to the interpretation that would guide Australian responses to the riots was the contention that they were not spontaneous but planned and instigated by political actors, including the two MPs, Dausabea and Ne'e. This explanation relied on circumstantial evidence, at least some of which was directly contradicted in other accounts. First, there were reports of rocks, petrol and water bottles for making fire-bombs distributed in advance of the demonstrations.<sup>94</sup> These claims were repeated in the Australian media but contradicted in the account of political scientist Jon Fraenkel.<sup>95</sup> The evidence that Dausabea and Ne'e had personally instigated the riots consisted of a feast that they had hosted for their supporters the night before the parliamentary meeting and inflammatory statements they made following Sogavare's defeat in the first vote.<sup>96</sup> The PPF promptly tracked down, arrested and charged the two with intimidation and inciting violence.

A related dimension to the Australian analysis of the circumstances surrounding the riots and prime ministerial election was the role played by Taiwanese interests. Solomon Islands is one of the Pacific islands that supports Taiwan diplomatically and in exchange receives substantial aid. The threat of switching allegiance to China provides enormous incentive to Taiwanese officials to engage in 'chequebook diplomacy'. Minister Downer was certain that Sogavare's wife collected cash in a paper bag from the Taiwan embassy on a weekly basis.<sup>97</sup> Commentator Graeme Dobell concurs with this version of events, stating that Australian officials were certain in their knowledge of cash donations to candidates in the election.<sup>98</sup> Writing not long after the riots, former Solomon Islands official Ashley Wickham does not repeat these claims of clandestine funding, but nonetheless argues that Taiwanese payments corrupt the political process.<sup>99</sup> During the post-election period, two

94 Michael Morgan & Abby McLeod, 'Have We Failed Our Neighbour?', *Australian Journal of International Affairs*, Vol.60, No.3, 2006, pp.421-2.

95 Jon Fraenkel, 'The Impact of RAMSI on the 2006 Elections', p.176.

96 Dausabea told the crowd '*Mi fala lose nao, iu fala doim what nao iufala likem!*' ('We've lost; go ahead and do what you want!') and Ne'e '*Dynamitem Parliment*' ('Dynamite Parliament!').

97 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

98 Graeme Dobell, *China and Taiwan in the South Pacific*, p.11.

99 Ashley Wickham, 'A Spinner's Wicket in Honiara', *New Matilda*, 2006, <<http://newmatilda.com/2006/04/26/spinner%2526%2523039%3Bs-wicket-honiara>> (accessed on 27 October 2010).

Taiwanese naval vessels docked in Honiara, sailors put on a public kung-fu performance and the ambassador announced new Taiwanese aid while MPs were invited aboard the vessel for a cocktail party.<sup>100</sup>

The undoubted influence of Taiwan on Solomon Islands politics does not, however, entirely explain the readiness of Australian officials to blame Taiwan for the turn of events. Taiwan expert Joel Atkinson advances a number of alternative explanations.<sup>101</sup> First, the 2004 events in Vanuatu, in which Prime Minister Vohor had flirted with changing allegiance from China to Taiwan, had increased Australian suspicions of Taiwanese activities. Second, blaming Taiwan deflected responsibility from the possibly destabilising influence of RAMSI on Solomon Islands politics. Third, the former Labour Party MP and husband of influential journalist and RAMSI supporter Mary-Louise O'Callaghan, Joses Tuhanuku, claimed publicly that he was the victim of a Taiwanese-funded effort to unseat him.<sup>102</sup> It appears likely that Taiwanese funds were an aspect of the prime ministerial election that corresponded with the preconceptions of Australian officials who consequently gave them great prominence.

One aspect that was conspicuously absent from official Australian analyses was the influence of RAMSI itself. Forms that this influence are likely to have taken include the benign, such as increasing voters' expectations of an improvement in the conduct of politics following RAMSI's early success in restoring security and stabilising the economy.<sup>103</sup> Secondly, having disarmed the RSIP, the PPF was effectively in charge of policing, and consequently bore responsibility for failing to control the criminal behaviour. A variety of critiques emerged of the PPF's abilities and tactics before and during the riots. These included the lack of understanding of Solomon Islands *pijin* and consequent inability to follow the mood of the crowd.<sup>104</sup> In marginalising the

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100 Jon Fraenkel, 'The Impact of RAMSI on the 2006 Elections', p.173.

101 Joel Atkinson, 'Vanuatu in Australia-China-Taiwan Relations', p.362; Joel Atkinson, 'Big Trouble in Little Chinatown: Australia, Taiwan and the April 2006 Post-Election Riot in Solomon Islands', *Pacific Affairs*, Vol.82, No.1, Spring 2009, pp.52-3.

102 See also Jon Fraenkel, 'The Impact of RAMSI on the 2006 Elections', p.166.

103 Sinclair Dinnen, 'Dilemmas of Intervention and the Building of State and Nation', in Sinclair Dinnen & Stewart Firth (eds.), *Politics and State Building in Solomon Islands*, Canberra, Asia Pacific Press, 2008, p.1.

104 Clive Moore, 'No More Walkabout Long Chinatown: Asian Involvement in the Economic and Political Process', in Sinclair Dinnen & Stewart Firth (eds.), *Politics and State Building in Solomon Islands*, Canberra, Asia Pacific Press, 2008, p.64.

RSIP, the PPF had isolated itself from a source of vital local information, such as the utility of erecting road-blocks at the two bridges separating Chinatown from the town centre, as had been done in past cases of unrest.<sup>105</sup> On Black Tuesday, it committed some serious tactical errors in failing to control strategic locations, becoming separated from its vehicles and not having a megaphone to communicate with the crowd.<sup>106</sup> In order to escort Rini from Parliament House, officers were thus obliged to call in the conspicuously white riot squad, complete with helmets, shields, truncheons, tear gas and rubber bullets, to clear the protesters. In one incident, an AFP officer shoved an elderly man off the road, the disrespect for a Solomon Island elder enraging many in the crowd.<sup>107</sup> Finally, the PPF allowed the looting to continue until reinforcements arrived two days later. Eyewitnesses reported that the burning and looting was more systematic and orderly than uncontrolled and violent. Establishments belonging to 'old Chinese' families were generally spared, with at least one such store protected from the fire by its employees' forming a human chain to relay buckets of water from the nearby Mataniko River. These descriptions accord poorly with official accounts suggesting that officers were overwhelmed or AFP Commissioner Keelty's claim that the ferocity of the rioting caught them by surprise.<sup>108</sup>

More broadly, Australian responses to the political situation in Solomon Islands were overwhelmingly focused on the implications for the achievement of RAMSI's objectives. Most notably, they failed to consider the impact that RAMSI was having on the domestic political arena.<sup>109</sup> In part this failure reflected their conception of

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105 Mike Wheatley, "RAMSI Tuesday" Wasn't To Do With Intelligence Failure', *New Matilda*, 24 May 2006; Frank Short, 'Honiara Riot Warrants Formal Inquiry', *Pacific Islands Report*, 24 May 2006, Honolulu, Pacific Islands Development Program/East-West Center, <<http://archives.pireport.org/archive/2006/May/05-24-com.htm>> (accessed on 27 October 2010).

106 Clive Moore, 'No More Walkabout Long Chinatown', p.82; Uncited interviewee who witnessed the disturbance at Parliament House.

107 Uncited interviewee who witnessed the disturbance at Parliament House.

108 Sam Alasia, 'Rainbows across the Mountains', p.132; David Humphries, 'Violence Caught Us By Surprise: Keelty', *SMH*, 21 April 2006, p.7.

109 Jon Fraenkel, 'The Impact of RAMSI on the 2006 Elections', p.178. The conception of RAMSI by Australian officials as an apolitical state-building enterprise has been the subject of sustained critique. See, for example, Shahar Hameiri, 'The Trouble With RAMSI', pp.409-441; Julien Barbara, 'Antipodean Statebuilding: The Regional Assistance Mission to Solomon Islands and Australian Intervention in the South Pacific', *Journal of Intervention and Statebuilding*, Vol.2, No.2, June 2008, pp.123-49.



RAMSI as an apolitical state-building exercise.<sup>110</sup> According to this conception, detailed knowledge of Solomon Islands society or history was of little importance. It thus contributed to the patchiness of officials' understanding of the relationship between RAMSI and the society in which it operated. A second aspect of Australian responses was consternation that RAMSI's objectives were being seriously undermined by unethical or corrupt practices. The clearest indication of the extent of this concern was revealed in a leaked email from the Australian Department of Finance official and advisor to RAMSI, Mick Shannon. In this email Shannon expressed dismay at the likely outcome of the prime ministerial selection and revealed details of behind-the-scenes manoeuvring by High Commissioner Patrick Cole to influence its outcome.<sup>111</sup> The email confirmed suspicions that Australian officials were overstepping the bounds of diplomatic practice by actively seeking to influence the outcome of the domestic political process.<sup>112</sup> It also confirmed Australian antipathy to Sogavare and paved the way for a rapid deterioration in bilateral relations after Sogavare became prime minister.

### **Relations sour: the Sogavare government**

Sogavare took office on 4 May 2006 against the background of an Australian diplomatic stance that had been revealed by the leaked email as hostile to him. Having previously declared himself opposed to the usurpation of Solomon Islands sovereignty by RAMSI, he sought to boost his domestic standing by presenting himself as a strong man who stood up to the bullying Australian government.<sup>113</sup> Nonetheless, the overwhelming popularity of RAMSI among the Solomon Islands population constrained his ability to make credible threats to terminate the intervention entirely.<sup>114</sup> Instead, he called for revisions to the mission, notably to dilute the Australian contribution and to reassert Solomon Island control over public

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110 See Shahar Hameiri, 'The Trouble With RAMSI', pp.409-441; Julien Barbara, 'Antipodean Statebuilding', pp.123-49.

111 'Appendix 2: Email from Mick Shannon', Government of the Solomon Islands, *Commission of Inquiry into the April 2006 Civil Unrest in Honiara, Second Interim Report 7th September 2007*, Honiara, Department of the Prime Minister, Government of the Solomon Islands, 2007, p.28.

112 Craig Skehan, 'Solomons a Shambles – The Email That Got Away', *SMH*, 1 May 2006, p.8.

113 Sam Alasia, 'Rainbows across the Mountains', p.141.

114 Mary-Louise O'Callaghan, 'RAMSI – The Way Ahead', in Sinclair Dinnen & Stewart Firth (eds.), *Politics and State Building in Solomon Islands*, Canberra, Asia Pacific Press, 2008, p.189.

administration.<sup>115</sup> Sogavare gained further domestic support by introducing a policy of village development as a counterpoint to RAMSI's perceived bias toward Honiara.

From the perspective of Australian officials and Minister Downer in particular, Sogavare was tainted not only by his recent behaviour, but from his earlier period as prime minister following the 2000 overthrow of the Ulufa'alu government. During that time he oversaw the passing of an Amnesty Act that prevented the prosecution of officials implicated in the overthrow. The fact that Sogavare had twice come to power in compromised circumstances was not lost on Downer, who suspected him of once again seeking to allow criminals to avoid prosecution. Downer's suspicions were reinforced when Sogavare repaid the loyalty of Dausabea and Ne'e, who were still in police custody facing criminal charges, by appointing them to his ministry, the former as police minister. However, the Governor-General refused to swear them in while they were in custody and Sogavare backed down just before a meeting between Downer and his New Zealand and Solomon Island counterparts, Winston Peters and Patteson Oti.<sup>116</sup> Following this private meeting, its participants declared that RAMSI would continue unchanged. This turn of events was interpreted optimistically by Mary-Louise O'Callaghan as repairing relations between Solomon Islands and Australia.<sup>117</sup>

However, Sogavare's backdown did not signify the end of his defence of Dausabea and Ne'e in the face of Australian opposition. His next move was to launch a commission of inquiry into the violence, which Australian officials interpreted as a ploy to shift blame from the two MPs onto the PPF. This suspicion was reinforced by the inquiry's terms of reference, which included evaluating the police response to the riots and determining whether the detention of Dausabea and Ne'e was politically motivated.<sup>118</sup> Moreover, a leaked memo from Sogavare revealed that he believed that the inquiry would result in the criminal proceedings against the pair being dropped. The Attorney-General, Primo Afeau, instituted legal proceedings challenging this

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115 Sinclair Dinnen, 'Dilemmas of Intervention and the Building of State and Nation', p.20.

116 Clive Moore, 'No More Walkabout Long Chinatown', p.90.

117 Mary-Louise O'Callaghan, 'Solomons Ministers Sacked Before Downer Lands', *Australian*, 19 May 2006, p.8.

118 Sinclair Dinnen, 'Dilemmas of Intervention and the Building of State and Nation', p.21.

clause, in response to which Sogavare accused him of being influenced by Australia and subsequently sacked him.

The Australian government opposed the inquiry in its entirety. Following a familiar pattern, Downer dispatched DFAT deputy secretary David Ritchie to Solomon Islands in order to register 'serious concerns' about its purpose.<sup>119</sup> Sogavare responded by accusing the Australian government of undermining the inquiry by attacking the integrity of its chair, retired judge Marcus Einfeld, over accusations, later found to be true, that he lied to avoid a speeding ticket.<sup>120</sup> Sogavare subsequently expelled the Australian High Commissioner, Patrick Cole, claiming that he had been opposing the inquiry and 'talking too much to the opposition.' The Australian government responded to Cole's expulsion by imposing visa restrictions on Solomon Islands politicians and threatening to withhold foreign aid.<sup>121</sup> The inquiry ultimately proceeded without the controversial clause in the terms of reference and with the cooperation of the Australian government, which granted a waiver to a number of RAMSI personnel to allow them to give sworn testimony. The inquiry's conclusions, though critical of RAMSI, were measured and contained no surprises.<sup>122</sup>

During this time, Australian officials had become deeply suspicious of Sogavare's new Attorney-General, the lawyer Julian Moti, an Australian citizen of Indo-Fijian origin. They believed that Moti, an old associate of Sogavare, was behind the commission of inquiry and had introduced Einfeld to Sogavare.<sup>123</sup> Moti had also been accused of the rape of a 13-year-old girl while living in Vanuatu in 1997. The facts of that case were never tested in court as it was dismissed twice on technical and legal grounds.<sup>124</sup> Australian authorities alleged that Moti had bribed the magistrate, and hence that he had not properly stood trial in Vanuatu.<sup>125</sup> As an Australian citizen, he thus faced

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119 Cynthia Banham, 'Solomons Envoy Expelled', *SMH*, 13 September 2006, p.1.

120 Chris Merritt, 'Prejudice', *Australian*, 25 August 2006, p.24.

121 Craig Skehan, 'PM Warns of Aid Cuts as Solomons Dispute Simmers', *SMH*, 15 September 2006, p.10.

122 Government of the Solomon Islands, *Commission of Inquiry into the April 2006 Civil Unrest in Honiara, Second Interim Report 7th September 2007*.

123 Sinclair Dinnen, 'Dilemmas of Intervention and the Building of State and Nation', p.22; Chris Merritt & Patrick Walters, 'Howard Attacks Einfeld Inquiry in the Solomons', *Australian*, 14 September 2006, p.1.

124 David Marr & Marian Wilkinson, 'The Strange Case Against Julian Moti', *SMH*, 7 October 2006, p.1.

125 Michael McKenna, 'Child Rape Trial Was Quashed in Vanuatu', *Australian*, 3 October 2006, p.1.

prosecution under child sex tourism laws, although Australian authorities had not pursued the case. On the instigation of High Commissioner Cole, the AFP re-opened its dossier on Moti and issued an international arrest warrant.<sup>126</sup> Moti was subsequently apprehended while transiting through PNG, but rather than face an extradition hearing, he sought refuge in the Solomon Islands High Commission in Port Moresby. From there, the PNGDF flew him clandestinely back to Solomon Islands, drawing PNG into the imbroglio. Downer retaliated by suspending ministerial contact with the PNG government over its role in Moti's flight. A subsequent inquiry in PNG revealed the personal involvement of Prime Minister Somare in the affair. In Solomon Islands, the PPF investigated and later arrested the immigration minister, Peter Shanel, over the incident and raided Sogavare's office for evidence while he was out of the country. Moti, following investigation on immigration charges, produced a valid residency permit and reclaimed his post as Attorney-General.<sup>127</sup> The Solomon Islands Police Commissioner, the Australian Shane Castles, questioned the authenticity of this permit, but in the following days was himself declared *persona non grata* by Solomon Islands authorities. With this move, Sogavare defeated Downer in the diplomatic battle over the appointment of Moti and the establishment of the commission of inquiry.

Frustrated by the breakdown of relations, Downer sought to sideline the Solomon Islands government by communicating directly to Solomon Islanders. In February, he had the High Commission buy space in the country's three newspapers, in which he published a 'letter to the people of Solomon Islands'.<sup>128</sup> In it he reiterated his commitment to helping Solomon Islands move forward and criticised its government for attempting to undermine RAMSI. Sogavare reacted angrily to this unorthodox move, claiming that Australia had no right to communicate directly with the people,

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126 AFP Ministerial Brief to the Minister of Home Affairs, 14 Jan. 2008, cited in Susan Merrell, *RAMSI and the Solomon Islands: Nationalism vs. Regionalism*, Conference of Australian Association for the Advancement of Pacific Studies, Melbourne, <[http://www.susanmerrell.com/RAMSI and the Solomon Islands.pdf](http://www.susanmerrell.com/RAMSI%20and%20the%20Solomon%20Islands.pdf)> (accessed on 6 November 2010), pp.7-8; Michael Wray, 'Trials and Errors', *The Age*, 13 November 2010, p.6.

127 Michael McKenna, 'Moti Plans Legal Bid to Reclaim A-G Post', *Australian*, 15 December 2006, p.8.

128 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 22 March 2007, p.206.

and the following month, moved to ban direct contact between RAMSI police and troops with Solomon Island citizens.<sup>129</sup>

### ***The 'good governance' Fiji coup***

On 5 December 2006, at the height of the dispute between the Australian and Solomon Islands governments, RFMF chief Commodore Voreqe (Frank) Bainimarama finally delivered on his long-standing threat to overthrow the democratically elected government of Prime Minister Laisenia Qarase.<sup>130</sup> Claiming that the government had failed to tackle corruption and racism, he earned Fiji's fourth coup the ironic moniker of a 'good governance' coup.<sup>131</sup> His action placed the Australian government in the uncomfortably familiar predicament of having to reconcile the contradictory pressures to express its disapproval of illegitimate rulers while maintaining its influence and defending its strategic and commercial interests.

The 2006 coup had among its origins a number of issues that remained unresolved from the last coup, in 2000, that were the cause of tension between Bainimarama and Qarase. Since 2003, Bainimarama had criticised Qarase's government over these issues, and most notably its attitude towards those implicated in the 2000 coup.<sup>132</sup> In mid-2005, with an election due within a year, the government introduced the controversial Reconciliation, Tolerance and Unity Bill. Ostensibly a measure to apply customary Fijian practices of restorative justice, it proposed an amnesty for the perpetrators of the 2000 coup.<sup>133</sup> This proposal alarmed many, including the Fiji Law Society and the director of public prosecutions, Peter Ridgeway. Ridgeway, an Australian who had been pursuing cases related to the coup, was subsequently

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129 Cynthia Banham & Craig Skehan, 'Police Mission to Solomons at Risk of Collapse', *SMH*, 10 February 2007, p.17; 'Solomons Cuts Troops Contact', *Australia*, 13 March 2007, p.7.

130 Jon Fraenkel & Stewart Firth (eds.), *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, Canberra, Asia Pacific Press, 2007, p.422.

131 Jon Fraenkel & Stewart Firth, 'The Enigmas of Fiji's Good Governance Coup', in Jon Fraenkel, Stewart Firth & Brij V. Lal (eds.), *The 2006 Military Takeover in Fiji: A Coup to End All Coups?*, Canberra, ANU E Press, 2009, pp.3-17.

132 Steven Ratuva, 'The Pre-election 'Cold War': The Role of the Fiji Military During the 2006 Election', in Jon Fraenkel & Stewart Firth (eds.), *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, Canberra, Asia Pacific Press, 2007, pp.34-35.

133 Mosmi Bhim, 'The Impact of the Reconciliation, Tolerance and Unity Bill on the 2006 Election', in Jon Fraenkel & Stewart Firth (eds.), *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, Canberra, Asia Pacific Press, 2007, pp.111-43.

ordered to leave Fiji.<sup>134</sup> For Bainimarama, there was a highly personal dimension to the amnesty, as it would potentially apply to several individuals who had attempted to kill him in 2000.<sup>135</sup> The military also opposed two other bills enshrining privileges for indigenous Fijians over other Fiji citizens, on the grounds that they were divisive and posed a threat to security.<sup>136</sup> Over the following year, Bainimarama made a series of threats against the government, each of which he later retracted with assurances that there would be no coup.<sup>137</sup> Over this time, he also restructured and purged the RFMF of individuals who challenged his leadership.

Following the election in May, which Qarase's SDL won by a narrow margin, tension initially eased as Qarase's appointment of a multi-party cabinet blunted the criticism of divisiveness. However, in September, Bainimarama renewed his attack, threatening to force the government to resign if it did not withdraw the disputed bills.<sup>138</sup> In a further twist, the police commissioner, the Australian Andrew Hughes, commenced investigation of Bainimarama over suspected offences both recent and dating from the aftermath of the 2000 coup.<sup>139</sup> Hughes subsequently received death threats, which Australian officials assumed to be ordered by Bainimarama.<sup>140</sup> Meanwhile, the New Zealand government hosted crisis talks between Bainimarama and Qarase at which Qarase agreed to the RFMF's principal demands.<sup>141</sup> However, on returning to Fiji, Bainimarama declared that no agreement had been reached and ordered Qarase to step down.<sup>142</sup> On 5 December, Bainimarama assumed the role of president, sacked the government and declared a state of emergency. Over the following weeks, he placed allies into key posts in the bureaucracy and boards of state-owned enterprises and sacked police commissioner Hughes while Qarase departed into internal exile on his home island.

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134 'Fiji', *Australian*, 28 May 2005, p.24; 'Fiji', *Australian*, 25 June 2005, p.24.

135 Malcolm Brown, 'Speight Release Would Add Fire to Coup Threats', *SMH*, 6 August 2005, p.21.

136 Steven Ratuva, 'The Pre-election 'Cold War'', pp.38-39.

137 Jon Fraenkel, 'The Fiji Coup of December 2006: Who, What, Where and Why?', in Jon Fraenkel & Stewart Firth (eds.), *From Election to Coup in Fiji: The 2006 Campaign and Its Aftermath*, Canberra, Asia Pacific Press, 2007, p.424.

138 Peter Williams, 'Coup Ultimatum for Fiji', *Age*, 18 October 2006, p.10.

139 Reijeli Kikau, 'President's Office Raided, Army Says', *Fiji Times*, 25 November 2006, p.1.

140 Michael McKenna, 'Threats Force Police Chief to Flee Fiji', *Australian*, 1 December 2006, p.4.

141 Jon Fraenkel, 'The Fiji Coup of December 2006: Who, What, Where and Why?', p.425.

142 Simon Keaney & Michael McKenna, 'Fiji PM Ordered to Quit by Noon', *Australian*, 1 December 2006, p.1.

From the coup until the time of writing in 2012, Bainimarama's military government has remained securely in power, by most accounts commanding strong if not overwhelming support within Fiji.<sup>143</sup> He claimed to have the objective of restoring democracy, which, he argued, required reform of the electoral system that was responsible for the racially divided political system.<sup>144</sup> At the UN General Assembly in September 2007, Bainimarama staked his legitimacy on the claim that the coup had saved Fiji from a serious deterioration in the standards of governance under the previous government, including massive corruption, lawlessness and vote-rigging.<sup>145</sup>

### **Taken by surprise again: Australian responses**

The 2006 Fiji coup came at a difficult time for an Australian government preoccupied with other regional and domestic events. Downer was engaged in a stand-off with the prime ministers of Solomon Islands and PNG and had established his confrontational approach in dealing with Pacific island leaders. He had warned Bainimarama on several occasions as early as 2005 against making threats to stage a coup.<sup>146</sup> The Qarase government enjoyed close relations with both Australia and New Zealand, which were reaffirmed at the 2006 PIF meeting. Ironically, this closeness would rebound against Qarase when he later sought support from other Melanesian leaders.<sup>147</sup> In addition to Solomon Islands and PNG, East Timor was again demanding Australian attention following the eruption of violence in the capital, Dili, less than a week after the Honiara riots. Moreover, with a federal election due by early 2008, tension within the Australian government regarding Prime Minister Howard's leadership and opinion polls giving the coalition little chance of victory, the government was strongly focused on improving its electoral prospects. It is in this

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143 Jon Fraenkel & Stewart Firth, 'The Enigmas of Fiji's Good Governance Coup', p.7; Jenny Hayward-Jones, *Fiji at Home and in the World*.

144 There has been some academic debate surrounding the effects of the 'alternative vote' electoral system introduced to Fiji with the 1997 constitution. See, for example, Jon Fraenkel & Bernard Grofman, 'The Merits of Neo-Downsian Modeling of the Alternative Vote', pp.1-11; Donald L. Horowitz, 'Where Have all the Parties Gone?', pp.13-23.

145 Voreqe Bainimarama, *Statement by H.E. Commodore Josaia Voreqe Bainimarama, Prime Minister of the Republic of Fiji Islands*, 62nd Session of the UN General Assembly, New York, 28 September 2007, <<http://www.update.un.org/webcast/ga/62/2007/pdfs/fiji-en.pdf>> (accessed on 22 November 2010), pp.4-5.

146 John Kerin, 'Canberra Tries to Head Off Fiji Army Coup', *Australian*, 15 July 2005, p.4; 'Downer's Butt-out Order Riles Fiji Military Chief', *Australian*, 1 October 2005, p.16.

147 Jon Fraenkel, 'The Fiji Coup of December 2006: Who, What, Where and Why?', p.427.

light that Downer's comments that one must be 'strong, not weak' when dealing with Melanesian leaders should be interpreted.<sup>148</sup>

In addition to its preoccupation with other issues, the government had a number of reasons to allow New Zealand to play a lead role in responding to the Fiji coup. First was the high level of trust and alignment between the two governments that had begun during the Bougainville intervention and been strengthened during the preparation and implementation of RAMSI. This closeness continued despite the replacement as New Zealand foreign minister of Phil Goff by Winston Peters, from the nationalist New Zealand First party, who had a reputation for outspokenness and eccentricity. Secondly, Fiji is more geographically distant from Australia and more closely politically and socially connected with New Zealand than either Solomon Islands or PNG. Thirdly, the New Zealand government had invested considerable energy in facilitating a negotiated settlement between Bainimarama and Qarase, which gave its government the incentive to take an uncharacteristically firm position when Bainimarama reneged on his word.

In responding to the coup, the Australian government was also guided by the lessons of the earlier coups, particularly that of 2000, when Downer had also been foreign minister. On each of these occasions, democracy had been restored relatively rapidly and with little foreign intervention. It was therefore reasonable to assume that the same outcome would result on this occasion. As always, the first Australian response to the uncertain situation in Fiji was driven by the ADF and aimed at evacuating Australian and other foreign nationals, using force if necessary. In the event, there was no serious disturbance and those who wished to leave Fiji were able to take scheduled flights. Nonetheless, navy vessels had been positioned off the coast of Fiji in early November 2006 as fears mounted that a coup was imminent.<sup>149</sup> In the course of these operations, a Black Hawk helicopter crashed while landing on the deck of the HMAS Kanimbla, killing one Australian soldier.

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148 'Downer attacks leaders of Fiji and Solomons', *Pacific Beat*, *Radio Australia*, 15 November 2007, <<http://www.radioaustralia.net.au/international/radio/onairhighlights/474342>> (accessed on 16 November 2010); Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

149 Michael McKenna & Patrick Walters, 'Navy Ships Head for Fiji Crisis', *Australian*, 3 November 2006, p.12.



The RFMF exploited the uncertainty surrounding Australian initiatives at this time to argue that Australia was interfering in Fiji's affairs.<sup>150</sup> In a notable case, Police Commissioner Andrew Hughes refused to allow the release of a shipment of live ammunition destined for the RFMF on the grounds that he suspected that it would be used to remove the government.<sup>151</sup> In another case, the RFMF accused a number of Australian personnel of being SAS forces, of entering Fiji without completing customs and immigration formalities and of bringing with them heavy sealed boxes containing weapons and ammunition. Downer made the plausible response that the personnel were staff sent to assist with evacuation plans and the boxes contained communications equipment and, as a diplomatic consignment, were entitled to pass without inspection. Nonetheless, given the recent history of Australian interventionism in the Pacific islands, the mere hint of covert operations was sufficient to arouse suspicions that could be exploited by actors opposed to Australian objectives.

Prime Minister Howard inadvertently strengthened suspicions of Australian interference toward the military regime when he stated publicly that he had refused a request for military intervention by Prime Minister Qarase.<sup>152</sup> His justification for refusing was based on the risk of Australian casualties and hence implied that military intervention would otherwise be warranted. It thus served to confirm the RFMF's position that it was the defender of Fiji's sovereignty against an overbearing Australia. Howard's statement was doubly impolitic in that it forced his ally, Qarase, to deny making any such request in order to avoid a charge of treason.

Once the coup finally took place, the Australian government swung into action, with a series of 'smart sanctions' designed to punish the RFMF and anyone who joined the government. These measures included the cancellation of bilateral defence cooperation, ending Fiji's participation in RAMSI and seeking an end to the recruitment of Fiji soldiers in UN missions or the UK military, and Fiji's suspension

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150 Fiji Human Rights Commission, *Australian Intervention in Fiji in October-November 2006: An Issue of International Law*, Suva, Fiji Human Rights Commission, 2008. Note that the Fiji Human Rights Commission was strongly aligned with the military government.

151 Patrick Walters, 'Military Coup Threat in Fiji', *Australian*, 31 October 2006, p.8.

152 'Australian Military Intervention in Fiji Would Have Caused Bloodshed', *AFP*, 8 December 2006; Jon Fraenkel & Stewart Firth, 'The Enigmas of Fiji's Good Governance Coup', footnote 7, p.63.

from the Commonwealth.<sup>153</sup> Given the importance of foreign military service as a source of revenue for Fiji's economy, its suspension imposed a significant cost. In addition, any person associated with the RFMF or the Fiji government, or their families, was banned from entering Australia. While these measures were designed to create a disincentive for individuals to join the government, they had the perverse consequence of increasing the preponderance of military personnel, who were in any case subject to the sanctions.<sup>154</sup>

In addition to punishing the military government, the Australian and New Zealand governments applied diplomatic pressure for elections to be held. Bainimarama argued, with some justification, that Fiji's flawed electoral system needed to be reformed, and less convincingly, that this reform must take place before elections could be held. It was no secret that this priority was, at least in part, driven by the desire to prevent the re-election of Qarase.<sup>155</sup> At the PIF heads of government meeting held in October, Downer and New Zealand Prime Minister Clark obtained a commitment from Bainimarama, based on the PIF's recommendation, to hold elections in 2009.<sup>156</sup> Bainimarama later reneged on this promise, paving the way for strengthened sanctions in the form of suspension from the PIF. It is testament to Downer's persistence that consensus was achieved among the PIF leaders to call on the Fiji government to commit to a timetable for elections, given the rancorous relations between the Melanesian countries and Australia. In this achievement, he may have been helped by the fact that in choosing not to attend the meeting, Solomon Islands Prime Minister Sogavare caused some annoyance to PNG Prime Minister Somare, who had taken political flak both domestically and internationally over his support for Sogavare in the Moti affair.

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153 Alexander Downer, *Fiji Coup*, Media Release, 6 December 2006, <[http://www.foreignminister.gov.au/releases/2006/fa135\\_06.html](http://www.foreignminister.gov.au/releases/2006/fa135_06.html)> (accessed on 16 November 2010); Simon Kearney & Mark Dodd, 'Military Chief in Control of Fiji', *Australian*, 6 December 2006, p.1; Peter Wilson, 'British Military Bars Fiji Recruits', *Australian*, 21 December 2006, p.4; Cameron Stewart, 'Fiji Troops Out of Solomons Mission', *Australian*, 28 December 2006, p.4.

154 Akuila Yabaki, *Fiji 2010: Critical Engagement and Future Scenarios*, Presentation at Victoria University, Melbourne, 18 November 2010.

155 Brenda Ragi, 'Qarase Will Not Be PM Again', *Fiji Times*, 4 September 2007, p.1.

156 Pacific Islands Forum, *Forum Eminent Persons' Group Report: Fiji 29 January - 1 February 2007*, <[http://archives.pireport.org/archive/2007/February/EPG\\_Report\\_2007.pdf](http://archives.pireport.org/archive/2007/February/EPG_Report_2007.pdf)> (accessed on 22 November 2010), 2007, p.20.

Initially, the strategy that the Australia and New Zealand governments had adopted in dealing with Bainimarama and his government seemed to be working. In applying pressure on the Fiji government while heeding the advice of the PIF and first allowing a period of grace, Downer appeared to temper his attitude and balance competing demands. Nonetheless, Bainimarama refused to change his position and sought to dilute Australian and New Zealand influence in Fiji by cultivating alternative diplomatic and commercial ties, notably with China. Relations deteriorated as Fiji police implied that Australian and New Zealand were behind an assassination plot against Bainimarama, while Downer insisted in a characteristically confrontational style that Bainimarama stick to the agreed 2009 timetable to hold elections.

### ***Puerile, immature diplomacy***

From the second half of 2006, Australia's diplomatic relationship with Solomon Islands, PNG and Fiji degenerated into a series of tit-for-tat exchanges that strategic analyst Hugh White described as 'puerile, immature diplomacy'.<sup>157</sup> Downer contributed to the escalating antagonism with the confrontational approach that he understood to be the way to deal with Melanesian leaders. Interviewed during this research, he spoke of there being something of the naughty boy about them because they knew that Australian officials know what they were up to.<sup>158</sup> This attitude can be seen in the unashamed berating he gave the Solomon Islands delegation at a 2007 UN meeting in front of a television crew.<sup>159</sup> In Parliament, Downer expounded his position in the following terms: 'To know all is to understand all. To know what [Sogavare and Bainimarama] have been doing, to know what their ambitions are, is to understand why the Australian government holds very strong views about them.'<sup>160</sup>

More generally, the Australian government and bureaucracy retained their confidence in their analysis of the situation and single-minded dedication to their strategy of opposing corrupt or illegitimate governments. This certitude was reflected in their willingness to employ questionable tactics in pursuit of their objectives. The clearest

157 Cynthia Banham, 'Pacific Talks Will Show If Howard Acted Too Tough', *SMH*, 23 October 2006, p.4.

158 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

159 Uncited interviewee who witnessed the incident.

160 Commonwealth of Australia House of Representatives, *Parliamentary Debates (Hansard)*, 14 June 2007, p.135.

example of this can be seen in Cole's ordering that the dormant AFP dossier on Moti be re-opened in order to prevent Moti becoming Attorney-General. Once this had been done, Minister Downer was obliged to maintain the position that Moti was the subject of serious allegations and that shielding him from facing court was an act of the greatest gravity. However, the serious flaws in the case that came to light when Moti finally faced court in Australia in 2009 indicate that there must have been an element of bluff in this position.<sup>161</sup> Had the case come to trial earlier, this finding would have provided ammunition for Sogavare's anti-Australian rhetoric and undermined Downer's insistence that he held the moral high ground.

Downer's strong stance reflected his uncertainty regarding the future of Australia's governance agenda in the Pacific islands. He saw RAMSI as standing between the Solomon Islands government and the 'honey-pot' of corruption.<sup>162</sup> He firmly believed that Sogavare wanted to be rid of RAMSI and in pursuit of this goal was seeking to hold it responsible for the April riots. Convinced that corrupt officials threatened the future of RAMSI and, by extension, the broader governance agenda in the Pacific islands, Downer was strongly motivated to confront them. However, in taking their anti-Australian rhetoric at face value, Downer failed to consider the domestic politics involved and probably overestimated its sincerity. Leaders, including Sogavare, Somare and Bainimarama, clearly sought to bolster their domestic standing by demonstrating their ability to stand strong against a bullying Australia. Meanwhile, RAMSI's immense popularity in Solomon Islands militated against the credibility of Sogavare's threats to terminate it.

A further explanation for Downer's confrontational approach to Pacific island leaders can be found in his experience of negotiating the ECP with Somare. Downer came to the conclusion that achieving an outcome in Melanesia required a massive argument that would be followed by reconciliation.<sup>163</sup> This confrontational model of diplomacy was possibly effective in dealing with Somare, who appeared to take it as part of the cut and thrust of politics. As 'Grand Chief', father of the PNG nation and doyen of Pacific island leaders, Somare was assured in his high status. Other Pacific island

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161 Supreme Court of Queensland, *The Queen v Julian Ronald Moti*, Brisbane, Supreme Court, 2009.

162 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

163 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

leaders such as Sogavare, Vohor and Bainimarama had a less high standing and were more sensitive to the power imbalances when dealing with Downer. They were quicker to become defensive and bear grudges, which prevented a resumption of normal relations. It is possible that a more nuanced position on Downer's part may have allowed for a relaxing of tension with these leaders and ultimately helped further his objectives.

The Australian government's relationship with the Pacific islands over this time can only be described as a failure of diplomacy. While it had good reasons to criticise the governments of Fiji, PNG and Solomon Islands, confronting them as it did damaged Australian relationships with those countries without advancing Australian objectives. In engaging in questionable behaviour, the Australian government justified its critics' allegations of bullying and probably strengthened their hand.

### ***Conclusions***

The period from 2003 until 2007 illustrates most clearly the themes of this thesis. The conduct of Australian relations with the Pacific island and policy decisions remained concentrated in Minister Downer's hands and followed the evolution of Downer's thinking.<sup>164</sup> In particular, the major policy departure during this period, the 'new interventionism', is closely related to Downer's embracing of the 'failed states' analysis and its policy implications.

The policy entrepreneurs at ASPI played a brief but critical role in this process. They convinced Downer that the 'failing states' of Melanesia posed a security threat and, crucially, they offered a practical strategy for addressing this problem. The collapse of the TPA created the requisite 'window of opportunity' for a shift in policy in Solomon Islands while the 'war on terror' and the invasion of Iraq made foreign intervention by 'coalitions of the willing' conceivable. The *Our Failing Neighbour* report reflected these developments, while its elaboration in collaboration with senior officials during its elaboration ensured it a favourable reception.

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164 Alexander Downer, *Interview conducted by the author*, Canberra, 18 February 2008.

The 'failed states' thesis, like other analyses imported from elsewhere, was transferred to the Pacific islands with little attention to the details of its applicability. For example, the possibility that Pacific islands could harbour terrorists came to inform discussion of strategic and development policy, despite there being little evidence in its favour.<sup>165</sup> The influence of the 'failed states' thesis on Australian policy-making is thus much greater than might be concluded from its degree of accuracy. Indeed, this research reveals that it was consciously mobilised by advocates for intervention as a strategy to influence policy.

While the 'new interventionism' had early successes in Solomon Islands, these proved difficult to replicate when the government applied the formula more widely. In PNG, Vanuatu and before long in Solomon Islands itself, the crisis that had triggered intervention was absent. Local political leaders resented what they perceived, or sought to present, as Australian bullying, and adopted 'spoiling' tactics to thwart the Australian objectives. The Australian government, convinced of the correctness of its position, interpreted any opposition to its approach through the single lens of corruption. Downer's confrontational approach to Pacific island leaders whom he believed corrupt proved ineffective in achieving Australian objectives of improving governance.

During 2006 and 2007, Australian policy positions rigidified while diplomatic stand-offs with Solomon Islands, PNG and Fiji prevented the discussions that might have facilitated a negotiated settlement. It would take the change of Australian government on 24 November 2007 followed by the fall of the Sogavare government in Solomon Islands on 20 December to provide a circuit-breaker for relations with Solomon Islands and the region more generally.

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<sup>165</sup> Minh Nguyen, *The Question of 'Failed States'*; Beth K. Greener-Barcham & Manuhua Barcham, 'Terrorism in the South Pacific?'; Department of Foreign Affairs and Trade, *Transnational Terrorism: The Threat to Australia*, Canberra, Commonwealth of Australia, 2004.

## **8 – Conclusions: weak institutionalisation and the engagement cycle**

This thesis has sought to explain two distinctive features of Australian engagement with the Pacific islands: the volatility of their underlying approach and their susceptibility to interruption by events and unrelated political objectives. It has pursued this goal by relating and analysing Australian policy-making from 1988 to 2007. From this historical narrative, a pattern has emerged of repeated phases of invigorated engagement and stagnation. This ‘engagement cycle’ has been described in terms of the interaction of the foreign and prime ministers, various ‘policy entrepreneurs’ and the wider policy community. This chapter turns to the broader problem of justifying the central proposition that the weak institutionalisation in Australia of its relationships with the Pacific islands explains the volatility of its policies and the difficulty in achieving its objectives.

This chapter sets out the argument that weak institutionalisation is an important explanatory factor for the particularities of Australia’s engagement with the Pacific islands. It begins by defining what is meant by weak institutionalisation and justifying the claim that this is a characteristic of Australia’s relationship with the Pacific islands. It describes the impacts of weak institutionalisation for the Australian bureaucracy and government. Turning to the dynamics of Australian engagement, it argues that weak institutionalisation is critical to three of the four phases of the engagement cycle. It thus concludes that weak institutionalisation constitutes an essential link in the causal chain between the international and domestic pressures on governments and the particular policies that they have implemented. Although certain domains of Australian policy-making run counter to this generalisation, and in those domains Australian policy has been more consistent, the more generally volatile and reactive nature of Australian policy-making undermines the effectiveness of these policies, so that these exceptions are insufficient to refute the central hypothesis. This chapter concludes with a discussion of the trajectory taken by Australian engagement since 2007 and its likely evolution into the future. It argues that while it may be possible to make Australian engagement more consistent, coherent and effective, whether this would be a desirable outcome depends on the objectives that are pursued.

### ***The hypothesis: weak institutionalisation***

A central insight of institutionalism is that institutions play a critical role in constraining the scope of actions available to individual actors.<sup>1</sup> Whether by imposing norms and conventions of what is acceptable or, at a more fundamental level, by determining individuals' understandings and values, institutions lie at the heart of this conception of political action. By constraining the ability of even the most powerful actors to affect policy, institutions act as a 'brake' on radical changes to policy.

This insight renders significant the complete reorientation of Australian policy toward the Pacific islands by successive foreign ministers, and occasionally prime ministers. Gareth Evans' 'constructive commitment', Gordon Bilney's economic reform agenda, John Howard's response to the Sandline affair and Alexander Downer's 'new interventionism' are testimony to their freedom to redefine Australia's approach to the Pacific islands. Only in countries far from Australia's sphere of influence and in which it has little strategic or commercial interest does an individual minister have such scope to reshape Australia's foreign policy.

Weak institutionalisation is apparent from the structure of Australian governmental institutions responsible for Australian policy-making in the Pacific islands. Notably, the 'South Pacific' until 2004 shared a division in DFAT with Africa and the Middle East, regions with which they have little in common in either their characteristics or significance to Australia. The single policy domain in which the Pacific islands figure prominently is development assistance, for which the responsible institution, AusAID, has only the status of an autonomous agency within DFAT.

### ***The effects of weak institutionalisation***

Institutions play a number of roles that serve to constrain political actors. For each of these roles, a corresponding effect of the weak institutionalisation on Australia's relationships with the Pacific islands can be observed. Among the most significant is

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<sup>1</sup> Sven Steinmo, Kathleen Thelen et al (eds), *Structuring Politics: Historical Institutionalism in Comparative Analysis*, Cambridge; New York, Cambridge University Press, 1992, p.15.



that of a repository for the lessons of the past, which provides an institutional memory of the history of the relationships. The paucity of institutional memory is a key reason why successive Australian governments have had to repeat the same process of learning and in the process have made many of the same mistakes.

Within the bureaucracy, weak institutionalisation has been associated with the relatively low status of positions connected with the Pacific islands. In DFAT, Pacific island desks have rarely been considered prestigious places to work and have consequently attracted few ambitious staff. Diplomatic postings in the Pacific islands have historically been offered to personnel who are either young or approaching retirement. Although there have certainly been exceptions to these generalisations, and occasional Australian interventions in the Pacific islands have, to a degree, remedied this situation, it remains the case that none of the Pacific islands can compete for status with Asian, European or North American countries.

Weak institutionalisation means that there are few fora where alternative approaches can be debated and developed, and eventually shaped into policy. The substantial research and analysis performed at dedicated institutes at the ANU, notably the SSGM and CDI, have little appreciable impact on the formulation of official policy. It is noteworthy that the Crawford School of Economics and Government, which constitutes a possible exception to this generalisation, is associated with the relatively strongly institutionalised domain of economic policy. Think tanks such as ASPI, the Lowy Institute and the CIS have similarly advanced proposals for Australian policies but, with the singular exception of ASPI's central role in advocating intervention in Solomon Islands, those proposals have had little appreciable influence.

In the absence of strong institutional support for the maintenance of Australia's relationship with the Pacific islands, personalities take on commensurately greater importance. This effect compounds the already strongly personalised politics in the Pacific islands, a consequence of their small populations and especially small political classes. The importance of personalities can both strengthen relationships when leaders on each side find a good rapport, such as between Defence Minister Peter Reith and Nauru President Rene Harris, or conversely harm them if there is a personal

dispute, for instance between Foreign Minister Alexander Downer and Prime Ministers Michael Somare, Manasseh Sogavare and Serge Vohor of PNG, Solomon Islands and Vanuatu respectively.

Finally, the weak institutionalisation of policy-making dovetails with the smallness of the Pacific islands to compound the strong tendency for policy models devised elsewhere to be applied with little consideration for the particular circumstances of the Pacific islands. This effect can be seen in analyses as diverse as the application of market economics to societies too small to sustain a multiplicity of competing firms and that of the 'failed state' analysis developed in Somalia and former Yugoslavia to Melanesian societies that have scarcely known a state of any nature.

### ***Weak institutionalisation and the dynamics of Australian policy-making***

Beyond these largely static effects, weak institutionalisation has critical implications for the dynamics of Australian policy-making toward the Pacific islands. The first is that there is a strong tendency for the level of attention paid to the Pacific islands to remain at or return to a low base, as there is little impetus for sustained engagement. As a consequence, the degree of urgency that is required to stimulate renewed attention is relatively high. Indeed, as this research has demonstrated, it has typically taken the perception of crisis in the Pacific islands to drive a change in policy. Moreover, it takes the intervention of a senior minister, usually the foreign minister, to initiate such a change. Finally, when a minister decides to reorient Australia's approach to the Pacific islands, he or she faces relatively few institutional constraints and therefore has great freedom to act.

Based on these effects, the weak institutionalisation of Australia's relationships with the Pacific islands can be seen as central to the cycles in Australia's engagement. To explain this, each phase of the engagement cycle model is considered along with the extent to which it is strictly determined or has exhibited variations on different iterations of the cycle, in order to evaluate the importance of weak institutionalisation for that phase.

The phase of stagnation, which can be described as the ‘default’ position, occupies the largest portion of the cycle. It also corresponds with the ‘overlooking’ in the title of this thesis or the ‘amnesia’ identified by commentator Graeme Dobell.<sup>2</sup> It was observed with varying degrees of intensity at the opening of each of the chapters of the historical narrative. It was strongest in 1988, when Gareth Evans was appointed foreign minister, in 1993, when Gordon Bilney assumed ministerial responsibility for the Pacific islands after Evans had turned his attention further afield, and in 2000, at the time of the coup in Fiji and overthrow of the Solomon Islands government. It was less strong when the Howard government was elected in 1996, as Bilney’s dedicated position had allowed him to maintain a tighter focus on the Pacific islands than at any other time, and in 2003, as the deteriorating situation in Solomon Islands had retained Downer’s attention even as the policies applied since 2000 were manifestly failing to achieve their objectives.

Analysis of Australian policies in the Pacific islands has tended to focus on this ‘overlooking’ aspect, usually ascribing it to the weakness or inconsistency of Australian interests.<sup>3</sup> This conclusion is difficult to sustain in the face of the evident strategic importance of the Pacific islands together with the significant commercial interests. Analysts typically pre-empt this critique by arguing that policy-makers have a false perception of Australian interests in and relationships with the Pacific islands. While this is a valid point, the weak institutionalisation of the relationships can in turn explain this ‘amnesia’ or false perception.

During the stagnation phase, little high-level attention is paid to Australia’s relationships with the Pacific islands. Unfolding events, such as natural disasters or requests for assistance from Pacific island governments, may drive familiar responses. However, in the effective absence of fora for policies to be debated and refined, ideas and proposals advanced within the policy community have little impact. Advocates of different approaches may continue to seek to influence policy by promoting their positions, but typically make little difference.

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2 Graeme Dobell, ‘The South Pacific’, pp.16-30.

3 Stephen Henningham, *The Pacific Island States*, pp.120-9; Rowan Callick, ‘Australia’s Noisome Neighbours: Never Pacific, Never Paradise, Never Ours’, *Sydney Papers*, Vol.12, No.4, 2000, p.31; Graeme Dobell, ‘The South Pacific’, p.18.

In contrast with the stagnation phase of the engagement cycle, the crisis and subsequent adoption of a new discourse and policies occur rapidly and with little warning. Their timing is more a function of the probability that the requisite elements will eventually emerge than determined by weak institutionalisation or any other factor. The crises are a product of some combination of dramatic events in the Pacific islands and the efforts of policy entrepreneurs in Australia. It is noteworthy that while advocates are continually attempting to persuade the government to change its approach, the instances when they are successful are distinguished by their promotion of a novel understanding of the Pacific islands and of Australia's relationship with them. Such novel understandings typically reflect wider changes in the international environment or domestic context, which account in large part for their being accepted. The second distinguishing feature of successful advocacy is that the understanding being promoted has practical policy implications. The actions of policy entrepreneurs thus serve, firstly, to create a 'critical juncture' by identifying a 'problem', and secondly, to furnish a 'solution' to that 'problem'.

There is a considerable degree of variation among the crises that have emerged on the five iterations of the engagement cycle considered in this thesis. In 1988, Foreign Minister Gareth Evans effectively played the role of policy entrepreneur against the background of the recent coups in Fiji. In 1993, there was no significant event in the Pacific islands, but the economists at the NCDS mobilised the ideas of economic rationalism to portray a crisis in the form of an imminent 'doomsday.' In 1997, the Sandline affair drove Prime Minister John Howard to initiate a firm response and translate into concrete actions an underlying proclivity to intervene in Australia's near neighbours. The situation in 2000 was exceptional in that it was driven by dramatic events in Fiji and Solomon Islands, which served to refocus Australian attention on the Pacific islands without the emergence of a new discourse and policy implications. This exception to the rule can be explained by the great confidence that the government had acquired in its abilities since the Sandline affair and independence of East Timor. Finally, in 2003, policy entrepreneurs at ASPI played a crucial role in promoting the 'failed states' analysis against the background of a more favourable

international environment following '9/11', the Bali bombings, military intervention in Afghanistan and Iraq, and a serious and deteriorating situation in Solomon Islands.

Irrespective of the origin of the perceived crisis, the subsequent 'engagement' phase of the engagement cycle follows a familiar pattern. In each case, the foreign minister or prime minister embraces the new analysis and in particular the policy prescriptions that flow from it. The weak institutionalisation of Australia's relationships with the Pacific islands means that the minister is relatively unconstrained in doing so. The vigorous engagement, or 'overseeing' of the Pacific islands that ensues is, initially, welcomed in both the Pacific islands and the policy community in Australia. This pattern has been followed in each of the five iterations described in the historical narrative. The only possible departure was Gordon Bilney's economic reform agenda, the 'tough love' message of which was less universally appreciated than the other initiatives. In contrast, the support from across the political spectrum for the muscular Australian response to the Sandline affair and the deployment of RAMSI was remarkable.

The following 'disengagement' or reversion to the 'stagnation' phase is the result, on the one hand, of the predictable if not inevitable disturbances in relationships with the Pacific islands and, on the other, the elusiveness of the objectives of the policies instituted during the previous 'engagement' phase. Typically, the minister's attention has by this stage turned to other pressing issues, and in the absence of a strong institutional commitment to the relationships, the lofty expectations that characterised the renewed engagement are reduced to those of what Graeme Dobell has termed 'cleverly manag[ing] trouble.'<sup>4</sup> At this stage, policy stagnation has become entrenched and the engagement cycle has completed a full iteration.

There is a range of possible sources of disturbances to the smooth unrolling of the policies of the new engagement. Foremost among them are the techniques of resistance that Pacific island leaders, having come for one reason or another to resent the Australian engagement, are most likely to mobilise effectively during the stagnation phase. Examples of this resistance can be seen in Solomon Mamaloni's

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4 Graeme Dobell, 'The South Pacific', p.17.

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disbanding in 1996 of the Australian-funded TCU, Michael Somare's exploiting of the 2005 'shoe' incident, and Manasseh Sogavare's efforts to dilute Australian control over RAMSI. The Australian response to these tactics has typically been unwavering and un-nuanced, and led either to its prevailing or, commonly, to a prolonged dispute, which has eroded the government's ability to further its objectives.

Other sources of disturbances in the relationship have included actions by Pacific island authorities that are not directed specifically at Australia but seriously harm the relationships. Examples include the use in 1990 of Australian helicopters in extra-judicial killings by the PNGDF and the 2006 coup in Fiji. In 1990, the conflict in Bougainville also drove the strongly institutionalised Australian defence establishment to intervene, over-riding the liberal institutionalist doctrine of 'constructive commitment' in the name of defence interests. Alternatively, the Australian government may simply be distracted by important events elsewhere, such as the Cambodian peace process in the early 1990s, the transition to independence in East Timor in 1999 or the political imperative in 2001 to prevent asylum-seekers from reaching Australian territory. In each case, the weak institutionalisation of relationships with the Pacific islands renders difficult the maintenance of a coherent position in the face of such incidents.

### ***Conclusions: weak institutionalisation and Australian engagement***

Weak institutionalisation can explain a wide range of features of Australia's policy-making toward the Pacific islands with important consequences for Australian engagement. Most notably, it results in the repeated learning of the same lessons; the low status of Pacific island desks in the bureaucracy; the dearth of fora for debate and production of alternative approaches; the primacy of personalities in setting the tenor of the relationships; and the particular tendency to adopt models developed elsewhere. Furthermore, by rendering engagement strongly dependent on ministerial attention, it has a critical influence on the cyclic form that Australian engagement has taken. It is a direct cause of the susceptibility of reinvigorated engagement to interruption by events in the Pacific islands or unrelated Australian objectives. It equally explains the tendency toward stagnation and the familiar low expectations attached to Australian

policies in the Pacific islands. Finally, it allows senior ministers great freedom periodically to reshape Australian engagement when they become convinced of the necessity to do so. These causal relationships justify the conclusion that weak institutionalisation has great explanatory value for understanding the peculiarities of Australian engagement with the Pacific islands.

Events since 2007 largely confirm the implication of this analysis that Australia is likely to repeat the engagement cycle indefinitely. The election of Kevin Rudd as prime minister in 2007 and shortly afterwards of Derek Sikua in Solomon Islands defused the tension that had built up in the final years of the Howard government. Rudd laid claim to instigating another new era in Australia's relationships with the Pacific islands. He visited PNG in March 2008, where he announced that Australia would enlarge its aid programme and host the 2009 PIF heads of government meeting.<sup>5</sup> Most significantly, his government introduced the Pacific Seasonal Workers Pilot Scheme (PSWPS), a scheme to allow Pacific islanders to pick fruit in Australia, breaking long-standing resistance to any such measure.<sup>6</sup> In this instance, there did not appear to be a novel discourse or analysis of the Pacific islands as much as a new prime minister with a background in diplomacy, determined to distance himself from the policies of his predecessor.

True to the cyclic pattern, this period of renewed engagement was short-lived, and rapidly gave way to another phase of stagnation. The PIF meeting held in Cairns in August 2009 reflected this development, as the agreement that it produced was tainted by acrimony over the government's handling of the issue of climate change.<sup>7</sup> Meanwhile the take-up of the PSWPS, hampered by competition from backpackers and the concerns of Australian farmers about the risk and cost of participating in the scheme, has been considerably lower than envisioned.<sup>8</sup> Nonetheless the pilot

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5 Jonathan Pearlman, 'Warm Welcome as Rudd Announces More Aid', *SMH*, 8 March 2008, p.4;

6 'Australia Tries 3-year Seasonal Worker Scheme', *AP*, 18 August 2008.

7 Nic Maclellan, 'Pacific Leaders Contradict Cairns Climate Deal', *The Interpreter*, 24 September 2009, Lowy Institute for International Policy  
<<http://www.lowyinterpreter.org/post/2009/09/24/Pacific-leaders-contradict-Cairns-climate-deal.aspx>> (accessed on 2 May 2012).

8 Danielle Hay & Stephen Howes, *Australia's PSWPS: Why Has Take-up Been So Low?*, Making Pacific Migration Work: Australian and New Zealand Experiences, Canberra, 3 April 2012,  
<[http://www.crawford.anu.edu.au/pdf/events/2012/20120403-making-pacific-migration-work-ppt/2\\_danielle-hay-and-stephen-howes.pdf](http://www.crawford.anu.edu.au/pdf/events/2012/20120403-making-pacific-migration-work-ppt/2_danielle-hay-and-stephen-howes.pdf)> (accessed on 2 May 2012).

programme has been expanded to include a wider range of countries, and the government has recently announced plans to make it permanent. As labour mobility has been considered an aspect of economic development, this development fits the pattern that the latter policies are more strongly institutionalised than the norm.

On the other hand, this analysis also suggests ways in which the engagement cycle may be broken. Even if the weak institutionalisation that accounts for much of it is itself a product of the international, regional and domestic environments, it is also amenable to mitigation. If this could be achieved, the engagement cycle might be broken at the point where stagnation sets in. It would require that the application to Australia's relationships with the Pacific islands be sustained beyond the point where the elevated expectations that characterise the moments of invigorated engagement prove unsustainable. Most importantly, it would require a significant bolstering of the institutional commitment to those relationships. Given institutional resistance to change, the challenge involved should not be underestimated. Nonetheless, the repeated success of policy entrepreneurs in mobilising a crisis to reorient Australia's approach give cause for optimism that such a crisis might be used to generate that institutional commitment. As a concrete proposal, the re-establishment of the post of minister for Pacific island affairs, with greater departmental resources and a higher public profile than a parliamentary secretary, would be a first start.

Alongside the question of whether the engagement cycle could be broken and Australian policies made more consistent and coherent, it is worth asking what the broader implications of such a change would be. If it simply translated into a more effective projection of purely Australian national interests, then humanitarian, environmental and Pacific islands advocates would have good cause to oppose it. On the other hand, given that the Australian policy community has in the past appeared to prefer any form of engagement to stagnation, it could be that more sustained attention to the Pacific islands would be a good thing for all concerned. Moreover, the outcome of such a change would depend not simply on whether, but how the institutionalisation of Australian policy-making was strengthened. For those seeking to change the nature of Australian engagement in the Pacific islands, this question merits further research and analysis.



## Appendix A – Interviews

<b>Name</b>	<b>Location</b>	<b>Date</b>	<b>Affiliation or background</b>
Barker, Paul	Port Moresby	8 January 2008	PNG Institute of National Affairs.
Batley, James	Suva	2 November 2007	Australian diplomat; High Commissioner to Solomon Islands 1997-9; Special Coordinator of RAMSI 2004-6; High Commissioner to Fiji 2007-9.
Bilney, Gordon	Adelaide	31 August 2007	Australian Minister for Development Cooperation and Pacific Island Affairs, 1993-1996
Bogari, Lucy	Port Moresby	5 January 2008	PNG diplomat.
Boyd, Sue	Perth	12 July 2007	Australian diplomat; High Commissioner to Fiji, 1999-2003
Brown, Terry	Honiara	19 November 2007	Anglican Bishop of Malaita, Solomon Islands, 1996-2008
Callick, Rowan	Melbourne	28 January 2009	Australian journalist specialising in the Pacific islands.
Carlton, Jim	Melbourne	15 August 2007	Australian businessman and former government minister; board member of PNG Sustainable Development Program.
Clayton, Elizabeth	Suva	6 November 2007	Originally from Australia, long-term Fiji resident; founder of children's home in Suva.
Cole, Patrick	Nuku'alofa	19 October 2007	Australian diplomat; High Commissioner to Solomon Islands 2003-2006.
Costello, Bill	Port Moresby	3 January 2008	Australian aid bureaucrat.
Cotton, Bob	Canberra	29 February 2008	Australian diplomat; High Commissioner to Fiji 1988-91; High Commissioner to New Zealand 2000-3.
Cremin, Lawrie	Suva	22 September 2008	Australian foreign affairs bureaucrat.
Davis, Bruce	Canberra	25 February 2008	Director-General AusAID 1999-2009.

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Denoon, Donald	Sydney	5 September 2007	Australian academic historian specialising in PNG.
Dobell, Graeme	Canberra	12 September 2007	Journalist and commentator on Pacific island affairs.
Donigi, Peter	Port Moresby	9 January 2008	PNG lawyer and political commentator; Form High Commissioner to Australia.
Dorney, Sean	Brisbane	18 September 2007	Journalist specialising in the Pacific islands.
Downer, Alexander	Canberra	18 February 2008	Australian Minister for Foreign Affairs 1996-2007.
Duncan, Ron	Suva	7 November 2007	Economist specialising in the Pacific islands.
Dundas, Peter	Port Vila	30 November 2007	Australian banker; Long-term PNG and Vanuatu resident.
Evans, Gareth	Melbourne	13 August 2007	Australian Minister for Foreign Affairs 1988-2006.
Evans, Gareth	Melbourne	15 March 2011	
Ferrieux-Patterson, Marie-Noëlle	Port Vila	3 December 2007	Long term anti-corruption corruption activist in Vanuatu; former Vanuatu Ombudsman.
Gibbs, Philip	Canberra	7 February 2008	Catholic priest and community activist in PNG.
Godfrey-Smith, Tony	Canberra	14 September 2007	Australian diplomat; High Commissioner to Samoa 1984-8; Director of DFAT South Pacific Multilaterals Section 1988-94.
Grynberg, Roman	Suva	16 April 2008	Australian economist specialising in Pacific island trade.
Gyngell, Allan	Sydney	4 September 2007	Foreign affairs bureaucrat; Foreign policy advisor to Prime Minister Paul Keating.
Hawke, Kirsten	Nuku'alofa	19 October 2007	Australian aid bureaucrat.
Hayden, Bill	Brisbane	19 September 2007	Australian Minister for Foreign Affairs 1983-8.
Heffernan, Angie	Suva	16 November 2007	Fiji accountability activist.

Hegarty	Canberra	10 September 2007	Australian academic; Former diplomat.
Hooton, Peter	Honiara	22 November 2007	Australian diplomat; High Commissioner to Solomon Islands 2007-9.
Howard, John	Sydney	17 February 2011	Australian Prime Minister 1996-2007.
Hughes, Helen	Sydney	20 February 2008	Economist and advocate specialising in the Pacific islands.
Johnston, Luke	Port Vila	4 December 2008	NGO worker; long-term resident in Melanesia.
Kassman, Richard	Port Moresby	8 January 2008	Transparency International PNG.
Kauhu'e, Ella	Honiara	23 November 2007	Solomon Islands National Council of Women.
Kelly, Paul	Suva	26 November 2007	Australian aid bureaucrat.
Knollmayer, Stefan	Honiara	16 November 2007	Australian aid bureaucrat.
Lal, Brij	Suva	28 August 2008	Academic and commentator on Fiji.
Lyon, Bob	Nadi	12 December 2007	Fiji-based businessman; former Managing Director ANZ Pacific; President Australia-Fiji Business Council.
Macindoe, Jon	Port Moresby	7 January 2008	Australian businessman and long-term resident of PNG.
Madraiwiwi, Joni	Suva	7 November 2007	Fiji lawyer; Vice-president 2004-6.
Maketu, Balthazar	Port Moresby	3 January 2008	PNG defence bureaucrat.
Manele, Jeremiah	Honiara	20 November 2007	Solomon Islands foreign policy bureaucrat.
Mataitoga, Isikeli	Suva	1 November 2007	Fiji diplomat.
Metcalf, Susan	Telephone	24 October 2011	Australian researcher; Author of 'The Pacific Solution.'
Moraitis, Chris	Port Moresby	3 January 2008	Australian diplomat; High Commissioner to PNG 2006-9.
Morgan, Michael	Canberra	28 February 2008	Australian academic and Melanesia specialist.
Nelson, Hank	Canberra	12 September 2007	Australian historian specialising in PNG.

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Ngele, Victor	Canberra	14 February 2008	Solomon Islands diplomat; High Commissioner to Australia 2006-10.
O'Callaghan, Mary-Louise	Honiara	22 November 2007	Journalist specialising in the Pacific islands; Long-term resident of Solomon Islands; RAMSI public affairs manager.
O'Connor Tim	Sydney	5 September 2007	Australian NGO worker.
Pareti, Samisoni	Suva	24 September 2008	Fiji journalist.
Peacock, Andrew	Sydney	21 February 2008	Australian Minister for Foreign Affairs 1975-80.
Peebles, Dave	Canberra	11 September 2007	Former advisor to Opposition spokesman on Pacific island affairs Bob Sercombe; author of 'Pacific Regional Order.'
Pilbeam, John	Port Vila	6 December 2007	Australian diplomat; High Commissioner to Vanuatu 2005-8.
Piper, John	Sydney	20 February 2008	Australia diplomat; High Commissioner to Fiji 1986-7.
Reilly, Ben	Canberra	10 September 2007	Australian academic; Centre for Democratic Institutions
Roughan, John	Honiara	15 November 2007	Advisor to Solomon Islands Development Trust; Long-term resident and commentator on Solomon Islands.
Skinner, Mark	Port Moresby	8 January 2008	Australian aid bureaucrat.
Sodhi, Gaurav	Sydney	6 September 2007	Researcher; Centre for Independent Studies
Soni, Nikunj	Port Vila	5 December 2007	Financial management advisor specialising in the Pacific islands; Board member of the Pacific Institute of Public Policy.
Street, Tony	Ocean Grove, Victoria	25 July 2007	Australian Minister for Foreign Affairs 1980-3
Tait, Maree	Telephone	25 June 2010	Crawford School of Economics and Government

Tapp, Charles	Canberra	15 February 2008	Australian aid bureaucrat, NGO and contracting company official.
Tavola, Kaliopate	Suva	7 November 2007	Fiji diplomat; Minister for Foreign Affairs 2000-6.
Trotter, John	Canberra	12 September 2007	Australian diplomat; Ambassador to Fiji 1991-5.
Tuhanuku, Jose	Honiara	16 November 2007	Solomon Islands trade union leader and politician.
Tulip, Robert	Canberra	11 February 2008	Australian aid bureaucrat.
Urwin, Greg	Suva	2 November 2007	Australian diplomat; High Commissioner to Samoa 1977-9, Vanuatu, Fiji 1995-1999; Secretary-General Pacific Islands Forum 2004-8.
Vunibobo, Berenado	Suva	30 October 2007	Fiji diplomat; Minister for Foreign Affairs 1997-8.
Warner, Nick	Canberra	28 February 2008	Australian diplomat; High Commissioner to PNG 1999-2003; Special Coordinator of RAMSI 2003-4.
Wate, Jennifer	Honiara	19 November 2007	Solomon Islands Development Trust
Wendt, Neva	Canberra	14 September 2007	Australian Council for International Development
Wheeler, Donelle	Canberra	11 September 2007	Australian development assistance bureaucrat; Representative to the OECD 2003-5.
White, Hugh	Canberra	11 February 2008	Australian defence analyst; Former ministerial advisor.

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