

**LOWY INSTITUTE PERSPECTIVES**

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**THE PACIFIC: BEYOND POST-COLONIALISM  
AND THE PACIFIC WAY, A NEW ERA?**

**PACIFIC HEADS OF MISSION ROUNDTABLE**

**OUTCOMES REPORT**

**DR. MALCOLM COOK**

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**OUTCOMES REPORT**

**Pacific Heads of Mission Roundtable**

**on**

***The Pacific: Beyond post-colonialism and the Pacific Way,  
a new era?***

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**Lowy Institute for International Policy**

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*Australia's Enhanced Cooperation Program with Papua New Guinea and the regional response to state fragility in the Solomon Islands are manifestations of growing concerns with the Pacific region's numerous development challenges and regional willingness to accept deeper external engagement. Deeper engagement needs to extend beyond bureaucratic capacity building and government-to-government programs if it is to have any chance of success in addressing state and social fragility. On the Australian side, nascent discussions on opening up the labour market to Pacific workers should be transformed into concrete action. On the Pacific side, there should be greater focus on promoting the private sector and its central role in development. Pacific states and societies should also supplement their "look South" tendencies with an active "look North" policy to take advantage of East Asia's economic dynamism and search for new trade partners. These policy recommendations will help Pacific states address their most serious economic shortcomings and limit the need for extensive external engagement in the future.*

**Purpose:** With the cooperation of the Department of Foreign Affairs and Trade, the Lowy Institute organised a roundtable involving 10 Pacific Heads of Mission and representatives from the New Zealand High Commission, media, business community, the not-for-profit sector, international financial institutions and academia. This report will synthesise the main points during the roundtable and the policy suggestions that flowed from them.

The roundtable participants agreed that the South Pacific region and its member states face a series of significant governance, economic and environmental challenges that need to be addressed very quickly. The multitude and depth of these problems pose the greatest threats for Pacific states and serious, growing challenges for Australia and New Zealand.

**Watershed moment:** We could be witnessing a watershed moment in the Pacific's post-colonial history for three reasons: generational change in Pacific states; Australia's and New Zealand's enhanced commitment to the region; and growing frustration in the wider aid community about the lack of progress in the Pacific. These three factors in many ways support each other, enhancing the potential (but certainly not guaranteeing) that we are entering a new cooperative era in the Pacific and in Australia-Pacific relations.

- *Generational change:* Focusing on Papua New Guinea (PNG), there is a new generation of bureaucratic and political leaders in the Pacific which is more pragmatic and less attracted to nationalist, post-colonial rhetoric or policy.<sup>1</sup> The leaders are focused more on successful outcomes to the Pacific's problems and less concerned with process and a strict interpretation of sovereignty. This process of generational change and popular support for external engagement should facilitate deeper external engagement in the Pacific. Papua New Guinea's Minister for Internal Security Kimisopa, one of the Enhanced Cooperation Program's (ECP)<sup>2</sup> strongest supporters, was identified as a representative of this new generation and its support for deeper engagement with the outside world.

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<sup>1</sup> In February 2005, the Lowy Institute hosted a conference on Papua New Guinea titled *Overcoming Constraints* that touched on this issue of generational change. Please see the conference report available on our website, [www.lowyinstitute.org](http://www.lowyinstitute.org)

<sup>2</sup> Australia and Papua New Guinea agreed in June 2004 to enter into the Enhanced Cooperation Program (ECP) in which the Australian government committed an extra \$800 million over five years in extra

This partial generational change comes on top of resilient support in the region's population as a whole for Australian engagement. Both the Regional Assistance Mission for the Solomon Islands (RAMSI)<sup>3</sup> and the ECP have been widely welcomed by local populations. At the moment, managing (muting) popular expectations about these programs is the public diplomacy challenge rather than confronting popular resentment.

- *Enhanced commitment:* Globalisation and the decline in the state capacity of some Pacific states were identified as key national security concerns for the Pacific and for Australia and New Zealand. While the threat of international terrorism in/from the Pacific was seen as negligible, the exploitation of the region by organised international crime means that the region poses new security challenges. In the past five years, Australia has more than doubled its bilateral aid to the region and committed to longer-term funding. Yet, many feel that for Australia and New Zealand to make a real contribution, this new commitment will have to be measured in generations rather than years. Australia and New Zealand strongly support a more active Pacific Islands Forum (PIF).

New Zealand's commitment to the Pacific is tied in with its growing Pacific identity. 16% of the New Zealand population is Maori while another 6% come from the South Pacific. Close to one-third of the New Zealand population below 18 years old is either Maori or from the Pacific. The growth of this population is strengthening New Zealand's interests in and ties to the region. Reflecting this, New Zealand's Ministry of Pacific Islands Affairs focuses on domestic policy issues concerning Pacific Island communities in New Zealand. While New Zealand and Australia have many overlapping policy interests in the South Pacific, for New Zealand they are more than foreign policy interests.

- *Aid frustration:* For some of the same reasons that Australia and New Zealand are revisiting their Pacific relations, major international aid donors are also

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development aid to Papua New Guinea. For details on the program, please visit [http://www.aisaid.gov.au/hottopics/topic.cfm?Id=2214\\_2235\\_3508\\_3213\\_7448](http://www.aisaid.gov.au/hottopics/topic.cfm?Id=2214_2235_3508_3213_7448)

<sup>3</sup> In July 2003, Australia led a solicited regional assistance mission supported by 10 other Pacific countries called RAMSI. RAMSI's two main objectives are to restore a functioning government and to support economic recovery. For details on the mission, please visit [http://www.dfat.gov.au/geo/solomon\\_islands/helpemfren/050307\\_working\\_together\\_brighter\\_future1.html](http://www.dfat.gov.au/geo/solomon_islands/helpemfren/050307_working_together_brighter_future1.html)

reconsidering their approach to the Pacific. The Pacific has some of the highest aid per capita ratios in the world, yet is one of the worst performing developing regions in the world. There are deep concerns that there is too much aid going into the region, helping bad governments stay in power and delaying necessary reform. The limited administrative capacity of the Pacific micro-states also casts doubt on their ability to meet their international obligations as states and carry out complex institutional reform programs. The aid community is seeking new models for the South Pacific and sees Australia as the lead external player in the region.

**Pressure points:** There was broad agreement that the Pacific region in general, and its weaker states (PNG, Solomon Islands, Nauru, Vanuatu) in particular, face a large set of very pressing social, economic, political and bureaucratic challenges. Each of these issues by itself is eroding state and national sustainability. Together, they present a massive agenda for change, and an agenda that, if not acted upon quickly, could lead to state collapse. The South Pacific and its weaker states are a microcosm of the first-order global concern with state collapse and reconstruction. Yet, their relative geographical isolation and small size mean that they gain little global attention or support.

Some of the mutually reinforcing challenges facing the region as a whole include communal conflict over resources (particularly land), the population explosion, lack of employment generation, stagnant or declining social service delivery, institutional overload, limited leadership quality, local environmental degradation, global environmental change, globalisation (end of managed trade in textiles, clothing and footwear) and AIDS. Each of these challenges, when unchecked, undermines state capacity and, through it, state legitimacy, which then erodes the local business environment.

**Australia embedded:** The roundtable was held on the same day that the PNG court decision against the ECP was issued, exemplifying how the ECP and RAMSI have pushed the Australian and New Zealand government deeper into the Pacific.<sup>4</sup> New

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<sup>4</sup> On 13 May, ruling on a case filed by Morobe Province Governor Luther Wenge, the Supreme Court in a unanimous decision ruled that the ECP was unconstitutional. For more details, please visit <http://pidp.eastwestcenter.org/pireport/2005/May/05-16-01.htm>

Zealand's and Australia's strong support for the PIF's Pacific Plan is putting these two countries at the centre of South Pacific regionalism and its redefinition of national sovereignty in the Pacific as well.

Deeper engagement and the more direct, outcomes-oriented language backing it up enhance both countries' ability to address the Pacific's agenda of challenges. It also creates more friction points with reform opponents or those disappointed by reform outcomes. The PNG 'shoe incident'<sup>5</sup> and the success of the constitutional challenge filed against the ECP by the only legislator to vote against it are good examples of this enhanced risk. The deeper engagement is also increasing local expectations that Australia and New Zealand will be 'embedded' for many years and will solve a wide range of local problems such as corruption. The early success of RAMSI has deepened widespread expectations in the Solomon Islands that cannot be met.

**The benefits of engagement:** Some benefits from deeper engagement with the Pacific and its weaker states (the Solomon Islands, Papua New Guinea and Nauru) and internal reform programs in Pacific states are already apparent. The region as a whole is more stable, with Samoa, Vanuatu and Tonga strengthening their economies and state structures. Senior political leaders in the Solomon Islands linked to corruption now face credible threats of legal action. RAMSI has provided a concrete basis for regionalism with some countries seconding local forces to a regional intervention for the first time. RAMSI has also had a useful pre-emptive demonstration effect by encouraging Pacific states to undertake internal reform.

In Australia, the growing concern with Pacific challenges and their linkages to national security interests has moved Pacific policy up the policy agenda and has led to a concerted effort to review Pacific policies for the long term. This has reduced the response times to perceived problems, overcome resistance to recurrent funding commitments, and increased the financial, administrative and political resources available to address Pacific challenges. Deeper engagement has strengthened

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<sup>5</sup> In March 2005, Brisbane Airport security insisted that Papua New Guinea Prime Minister Sir Michael Somare remove his shoes at a security checkpoint. Prime Minister Somare objected to this and demanded an official apology and threatened to withdraw support for the ECP.

administrative ties, and highlighted the benefits of ministerial communication between Australia and the Pacific.

**The limits of engagement:** Most of the roundtable discussion, after endorsing deeper engagement, focused on its limitations and how to address them. Comments roughly fell into four categories.

- *Prioritisation and redundancy*

Deeper engagement has sparked a large number of different initiatives that run the risk of redundancy and cross-purposes. The major multilateral aid donors to the Pacific are each reconsidering their own Pacific programs at the same time that the PIF is testing the waters with its Pacific Plan and a Pacific Free Trade Area. In Australia, on top of the ECP and RAMSI, the Australian government, through its international development agency, AusAID, has launched its Pacific 2020 Plan and has announced that a new White Paper on Australian Aid is in the works. The 2005 Budget also allocated money for an inter-agency Fragile States Initiative. Other countries, including India and China, are also deepening their engagement with the Pacific.

Organising this large number of different initiatives will be a regional challenge and a challenge for Australia especially as each one has to consider how to prioritise the large number of challenges facing the Pacific and its weaker states. New Zealand and Australia have already differed on prioritisation, with New Zealand calling for more action on the PIF's Pacific Plan. The large number of different initiatives also raises the problematic possibility of forum-shopping by reform-resistant leaders for the initiative with the weakest conditionality. The large number of initiatives may also lead to a preoccupation with process and harmonisation, and a lack of focus on outcomes.

- *Unused resources*

Non-government participants expressed particular concern that deeper engagement was taking place from a narrow base, while largely overlooking non-government resources like the business community and the not-for-profit sector in Australia. Both these groups have been engaged for many years in the Pacific



and have strong, cooperative links with local leaders and good penetration beyond the capital cities. They could also relieve some of the organisational burden of agencies like AusAID. Only a small share of Australian aid to the Pacific is currently filtered through non-state organisations. Business leaders with operations in the Pacific also feel that insufficient use is made of the private sector.

- *Lack of communication*

Major intervention programs like RAMSI and the ECP seem to lack an effective communications strategy aimed at the leaders of affected states and, more importantly, at the affected populations. Both RAMSI and the ECP lack published benchmarks or strategy documents that define their core goals, time frames, and conditions. This has led to a widespread lack of knowledge, and at times misunderstanding, about the limits of these programs. This lack of clearly stated aims adds to the risk that those who oppose these interventions can present them in an inaccurate, negative light. The apparent lack of a communications strategy also helps spur unrealisable popular expectations about these interventions. This lack of public information also limits the ability of non-participants to gauge the effects of such programs on their own longer-term activities.

If Australian audiences and Pacific audiences can be persuaded that deeper engagement will enhance Pacific states' sovereignty rather than detract from it, greater support for larger operations will increase. Both RAMSI and the ECP, while limiting recipient states' absolute sovereignty in the short term, aim to enhance their internal sovereignty in the long run and reduce the need for even deeper external engagement in the future. The significant early successes of RAMSI in restoring peace and order and in maintaining the support of Solomon Islands' political leaders can also be more effectively communicated to the larger, global community concerned with fragile and failing states.

- *Outcomes sustainability*

Reflecting this general uncertainty about the rationale and desired outcomes of deeper engagement, some worried about the long-term sustainability of

programs like the ECP and RAMSI. This sense of concern informed the call for seeing deeper engagement in generational time spans and not annual ones. Specific concerns included the “staying power” of Canberra and Wellington, continued political support for deeper engagement by regional leaders when reforms approached sensitive areas, and the risk that deeper engagement may address symptoms rather than causes. The narrow, often rent-seeking basis of some regional economies was highlighted as a structural flaw that could limit the long-term benefits of the injection of new funds and new reform initiatives.

**New initiatives:** There was a widespread sentiment that the lack of secure economic opportunities is at the root of many of the Pacific’s most pressing challenges. Pacific states have perhaps not been taking full advantage of global economic opportunities, and will be unable to generate enough employment opportunities to meet the growth in their labour forces. Three firm policy suggestions arose from the discussion:

- *Labour mobility:* The roundtable repeatedly returned to the practical economic benefits of greater labour mobility between Pacific states and Australia and New Zealand as an employment pressure valve, a source of remittances and a source of professional advancement for Pacific Islanders. The World Bank has recently carried out a comprehensive study on the benefits of such labour mobility. In a note of caution, existing labour flows from Pacific states to Australia and New Zealand in high-demand industries like medicine risk stripping the Pacific of much of its most qualified personnel.
- *Education on the private sector:* Roundtable participants deeply involved with the private sector in the Pacific emphasised that there was a distinct lack of understanding in the Pacific about the opportunities available through the private sector. Many people in the region still feel that economic growth and job creation are and should be provided by the state. Problems in gaining support for the privatisation of underperforming state corporations are a manifestation of this problem. Before Pacific economies can reach their full potential, there needs to be a deeper and wider understanding about the need for a vibrant private sector and a legal environment which facilitates that.

- *A Look North policy:* It was observed that Pacific governments and business leaders do not have enough knowledge about, or engagement with, East Asia despite East Asia's potentially catalytic role as an export market and source of investment in the Pacific's economic future. There is too narrow an external focus on traditional links with Australia and New Zealand and a lack of interest in engaging with East Asia. The growing presence of East Asian firms in the Pacific is not being reinforced and managed through closer political ties.

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