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Ueantabo Fakafo Neemia
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Neemia, Ueantabo Fakafo, Smallness, islandness and foreign policy behaviour: aspects of island microstates foreign policy behaviour with special reference to Cook Islands and Kiribati, Doctor of Philosophy thesis, Department of History and Politics, University of Wollongong, 1995. <http://ro.uow.edu.au/theses/1439>

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**SMALLNESS, ISLANDNESS AND FOREIGN POLICY
BEHAVIOUR:**

**ASPECTS OF ISLAND MICROSTATES FOREIGN POLICY
BEHAVIOUR WITH SPECIAL REFERENCE TO COOK ISLANDS
AND KIRIBATI.**

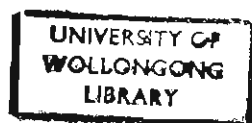
**A thesis submitted in fulfilment of the requirements
for the award of the degree of
DOCTOR OF PHILOSOPHY**

from

UNIVERSITY OF WOLLONGONG

by

UEANTABO FAKAOFO NEEMIA-MACKENZIE M.A. (USP).



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University of Wollongong.
1995.**

I certify that the contents of this work have not been submitted for a degree to any other university or institution.

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Ueantabo Fakaofo Neemia-Mackenzie

8 January 1996.

ACKNOWLEDGEMENTS

This study would have not been possible without the assistance and contributions of a number of individuals and organisations, to whom I would like to acknowledge my debts of gratitude. They are too many to name, but a few, however, deserve special mention for their invaluable assistance and contributions at different stages of this project.

To begin with, I would like to record my gratitude to my former employer, the University of the South Pacific, for granting me study leave to take up the scholarship which led to this thesis. I would like also to thank the International Development Programme of Australian Universities which funded my scholarship. I am also grateful to the Pacific Islands Development Program (PIDP), and in particular its Director, Dr Sitiveni Halapua, for funding my four-months fellowship in Honolulu in 1993.

In each of the island microstates studied in this thesis as case-studies, I have benefitted enormously from the insights -- whether from a formal interview, or from informal discussions -- of a number persons, too numerous to name individually. In particular, I am indebted to the following leaders and officials for their time, and for putting up with my questions: In Cook Islands, the Prime Minister Sir Geoffrey Henry; former Prime Minister, Sir Thomas Davis; the Secretary for Foreign Affairs, Aukino Tairea; Director of the Cook Islands Tourist Authority, Chris Wong; Chief Economist, Edward Drollett. In Kiribati, former President, Ieremia Tabai, the former Secretary for Foreign Affairs/Secretary to the Cabinet, Peter Timeon, Secretary for Foreign Affairs, Makurita Baaro, Secretary for Natural Resources Development, Teekabu Tikai. Other officials, who are acknowledged in the text have been very helpful with comments and clarifications of policy matters in both countries. Although, Tuvalu is not included in this study, I am indebted to former Prime Minister Bikenibeu Paeniu who generously shared with me his experiences in, and views on, microstate diplomacy.

The study has benefitted greatly from the professional advice, guidance and encouragement from the following individuals: Professor Ted Wolfers, for his guidance and supervision, and for his understanding of the many problems which were in the way of earlier completion. He has been a very patient, supportive and meticulous supervisor.

I am grateful to Emeritus Professor Ron Crocombe for his unfailing support and constant encouragement through out the project, and also for commenting on earlier drafts. Dr Howard Van Trease and Dr Peter Larmour also commented on earlier drafts and proffered invaluable advice.

It will be a remiss on my part if I fail to acknowledge the sacrifices made by my wife, Rakeiti and my children, John Kiritome, Bernard Teruka, George Ueantabo, Wayne Teawaki and Ernest Tabwareta, who have had to bear not only with my preoccupations with the thesis, but also the many months of my absence on field research and ‘forced’ isolation. It is with deep regret that I record the passing of my adoptive father, Fakaofa Neemia, who, did not live to see the completion of an important stage in a process to which he had contributed so much when he supported me through the various primary and secondary schools I attended in Kiribati. To his memory, I dedicate this thesis.

To all my gratitude is profound. The responsibility, however, for errors and defects of the thesis rests with me entirely. *Te Mauri, Te Raoi ao Te Tabomoa.*

Ueantabo Neemia-Mackenzie
Christchurch, New Zealand.

TABLE OF CONTENTS

Acknowledgement	ii
Table of Contents	iv
Abstract	v
Introduction	1
1. <i>Size and Foreign Policy Behaviour</i>	2
2. <i>Islandness and Foreign Policy Behaviour</i>	4
3. <i>Methodology</i>	5
4. <i>Structure</i>	8

PART I : CONCEPTS AND REVIEW OF LITERATURE

Chapter 1	Island Microstates: Definition and Credentials in the International System	10
	1. <i>Introduction</i>	10
	2. <i>Parameters of Microstates</i>	11
	3. <i>What are Microstates?</i>	12
	4. <i>Microstates in the International System</i>	18
	5. <i>How Island Microstates differ from other Microstates?</i>	23
	6. <i>Conclusion</i>	37
Chapter 2	What Is To Explained?: Foreign Policy or Foreign Policy Behaviour	38
	1. <i>Introduction</i>	38
	2. <i>Foreign Policy: Some Definitional Problems</i>	40
	3. <i>From Foreign Policy to Foreign Policy Behaviour</i>	55
	4. <i>Conclusion</i>	58
Chapter 3	Small Size and Foreign Policy Behaviour	61
	1. <i>Introduction</i>	61
	2. <i>"Developing" and "New": Are They Useful Criteria?</i>	62
	3. <i>Smallness and the Conceptual Difficulties</i>	

	<i>Associated with Size</i>	67
	4. <i>Small States as Weak States.</i>	70
	5. <i>Smallness and Foreign Policy Behaviour</i>	79
	6. <i>Conclusion</i>	90
Chapter 4	Dependence and Foreign Policy Behaviour	92
	1. <i>Introduction</i>	92
	2. <i>Dependence Defined</i>	92
	3. <i>Operationalising Dependence</i>	101
	a. <i>Non-Economic Dependence</i>	101
	b. <i>Economic Dependence</i>	109
	4. <i>Dependence and Foreign Policy Behavior</i>	112
	5. <i>Conclusion</i>	118

PART II : THE PACIFIC ISLAND MICROSTATES CASE STUDIES

Chapter 5	Cook Islands: The Domestic Context of Foreign Policy Behaviour	120
	1. <i>Geography</i>	120
	2. <i>Political Development</i>	122
	3. <i>Economy</i>	133
	a. <i>Development Constraints</i>	133
	b. <i>Economic Trends</i>	136
	c. <i>Government Finance and Fiscal Policy</i>	138
Chapter 6	Cook Islands Foreign Policy Behaviour	140
	1. <i>Introduction</i>	140
	2. <i>The Evolution of the Foreign Policy Machinery</i>	140
	3. <i>Political-Diplomatic Issue-Area</i>	146
	a. <i>Bilateral External Relations</i>	146
	b. <i>Regional and Other Multilateral Relations</i>	156
	4. <i>Military-Security Issue-Area</i>	157
	a. <i>Defence</i>	157
	b. <i>Surveillance</i>	160
	c. <i>Environmental Issues</i>	163
	5. <i>Economic-Developmental Issues</i>	168
	a. <i>International Trade</i>	168
	b. <i>Tourism</i>	171
	c. <i>Development Assistance</i>	173
	d. <i>International Financial Centre</i>	179
	e. <i>Remittances</i>	185
	6. <i>Cultural Issue-Area</i>	186
	7. <i>Conclusion</i>	189

Chapter 7	Republic of Kiribati: The Domestic Context of Foreign Policy Behaviour	197
	1. <i>Geography</i>	197
	2. <i>Political Development</i>	200
	3. <i>The National Economy</i>	207
	a. <i>Characteristics and Constraints</i>	207
	b. <i>Economic Trends</i>	212
	c. <i>Government Finance and Fiscal Policy</i>	216
	4. <i>Conclusion</i>	219
Chapter 8	Kiribati Foreign Policy Behaviour	221
	1. <i>The Development of the Foreign Policy Machinery</i>	221
	2. <i>Political-Diplomatic Issue-Area</i>	223
	a. <i>Objectives of Foreign Policy Behaviour</i>	223
	b. <i>Bilateral Relations</i>	224
	c. <i>Multilateral/Regional Relations</i>	233
	3. <i>Military-Security Issue-Area</i>	239
	a. <i>Surveillance</i>	242
	b. <i>Environment Issues</i>	246
	4. <i>Economic-Developmental Issue-Area</i>	250
	a. <i>Trade</i>	250
	b. <i>Development Assistance</i>	251
	c. <i>Investments</i>	258
	d. <i>Other Economic Issue-Areas</i>	263
	6. <i>Cultural Issue-Area</i>	271
	7. <i>Conclusion</i>	272
Chapter 9	Small Size, Economic Dependence, Islandness and Foreign Policy Behaviour: A Comparative Analysis of the Cook Islands and Kiribati Case-Studies	279
	1. <i>Small Size, Economic Dependence, Islandness and Foreign Policy Behaviour: An Overview.</i>	280
	2. <i>Issues in Cook Islands and Kiribati Foreign Policy Behaviour</i>	284
	a. <i>Political-Diplomatic Issue-areas</i>	284
	b. <i>Economic-Developmental Issue-areas</i>	286
	c. <i>Other Foreign Policy Behaviour Issue-areas</i>	288
	3. <i>Patterns of Foreign Relations</i>	291
	a. <i>Bilateral Relations</i>	292
	b. <i>Multilateral Relations</i>	298
	i. <i>International Organisations</i>	298
	ii. <i>South Pacific Regional Cooperation</i>	299

<i>iii. Subregional Groupings</i>	301
<i>4. Islandness and Foreign Policy Behaviour</i>	307
<i>5. Foreign Policy Behaviour and Self-Reliance</i>	310
<i>6. CONCLUSION.</i>	315

Bibliography	325
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ABSTRACT

As a subcategory of small states, island microstates are the smallest. Using the Cook Islands and Kiribati as case studies, this thesis examines the relationship and effect of small size on foreign policy behaviour. The thesis also examines the implications of the other key characteristic of island microstates, namely islandness, for foreign policy behaviour.

On the relationship between size and foreign policy behaviour, the thesis reveals two sides. First, foreign policy behaviour is conceptualised as one of the key areas through which the two island microstates respond and seek to manage problems, including economic dependence, which originate from their small size. In other words, the conditions and problems deriving from smallness motivate activities in the external environment which make up foreign policy behaviour. These external activities include the quest for increased international recognition as competent international actors, the maximisation of economic benefits in the form of increased aid and development assistance and improved returns from external trade and other forms of external relations. Second, small size and its correlates, also circumscribe and constrain foreign policy behaviour.

The two manifestations of the relationship between smallness and foreign policy behaviour are demonstrated in the two case studies, which comply broadly with the characteristics postulated by the main theories of small state foreign policy behaviour, particularly East's (1973) well-known model. The data from both case studies show some variations in detail from the main theories of small states' foreign policy behaviour, and qualify the postulates of these theories from the situations of smaller states.

In so far as islandness (the other key characteristic of island microstates) is concerned, data from Cook Islands and Kiribati show that islandness not only imposes difficulties over and above those of smallness *per se*, but also accord them with a specific set of options. The

evidence show that islandness has important implications for improving the instrumentalities and capacities of island microstates to manipulate their external environments. With the advent of the Law of the Sea, island microstates are now controlling vast expanses of ocean areas which not only increased their physical area, but more importantly redefined their economic prospects and, to a considerable extent, increased their external involvements beyond the restricted foreign policy behavioural patterns predicted by most theories of small states foreign policy behaviour, including the influential East model.

INTRODUCTION

Using Cook Islands and Kiribati as case studies, this thesis examines the foreign policy behaviour of a subcategory of small states referred to as island microstates.¹ Because island microstates generally represent the smallest of the small states, the study of their foreign policy behaviour is primarily and inevitably an examination of the relationship between extreme small size and foreign policy behaviour. Equally as important as smallness in the study of island microstates' foreign policy behaviour is the other key characteristic, *islandness*, which not only distinguish them from other subcategories of small states, but also have significant effects on, and implications for, their foreign policy behaviour. Thus, the interests of this thesis are twofold: First, and based on the primary characteristic of island microstates, small size, the thesis examines the effect of small size on the foreign policy behaviour of island microstates. Second, an attempt will be made to examine the implications of the other key characteristic of island microstates -- namely, islandness² -- for foreign policy behaviour.

¹. This sub-category of small states are also referred to as small island developing countries. See, for example, A.J. Dolman. 1984. Islands in the Shade: The Performance and Prospects of Small Island Developing Countries. The Hague: Institute of Social Studies Advisory Service. The term, 'island microstate' is used in this study and by others (for example, John Connell. 1988. Sovereignty and Survival: Island Microstates in the Third World. Sydney: University of Sydney) to underscore the fact that within the small island developing countries, island microstates are the smallest.

². The term, islandness is preferred over insularity because it connotes the entity's relationship with the sea (an important factor in so far as this thesis is concerned) more than the latter. The Oxford English Dictionary defines island as "a piece of land completely surrounded by water." In fact, the Old English term, ealand from which island is derived means "waterland." Insular is defined by the Oxford English Dictionary as "pertaining to island." It thus tends to emphasise the sense of isolation and remoteness rather than relationship to the sea.

1. SIZE AND FOREIGN POLICY BEHAVIOUR

Scholarly interest in the relationship between size and foreign policy behaviour has grown since the publication of Rosenau's seminal essay, Pre-theories and Theories of Foreign Policy.³ Two important observations can be made on the literature on the relationship between size and foreign policy which have proliferated following Rosenau: that they have invariably confirmed Rosenau's original conclusion that size is the most potent variable on foreign policy behaviour, and that there has been little attempt to differentiate behavioural patterns between gradations of small states.

Reid's (1974)⁴ study, was the first attempt to look at the foreign policy behaviour of microstates as a specific subclass within the broader 'small states' category. Reid's study was concerned with the application of existing models of foreign policy analysis to newly-independent and smaller members of the international community. By deductive reason (there were no references at all in his study to specific microstates, but presumably since he was from the Caribbean his study must have been based on the Caribbean experience), he was able to generate a 'propositional inventory of hypotheses' on microstates foreign policy behaviour, and invited later students of microstates' policy behaviour to test them against hard facts.

Since Reid used prevailing approaches and models of foreign policy analysis -- among others, the International Systems and Decision-making approaches -- as lenses

³ J.N. Rosenau. 1966. "Pre-theories and Theories of Foreign Policy" in R. Barry Farrell, (ed.) Approaches to Comparative and International Politics. Evanston: Northwestern University Press.

⁴ G.L. Reid. 1974. The Impact of Very Small Size on the International Behaviour of Small States. London: Sage Publications.

through which he examined the experience of microstates, it is possible that his conclusions may have been heavily influenced by the approaches/models themselves against the situation of small states. After all, these approaches were originally developed in contexts where size was not seen as important, and their underlying assumptions were intended for countries different from microstates. This is not to say that existing approaches are not relevant to microstates. Rather, the point is, because the approaches were designed with states other than microstates in mind, with different circumstances (including size), they (the approaches) may not be able to adequately explain the reality of microstates' foreign policy behaviour. Reid's pioneering study, however, raised some useful working hypotheses on microstates' foreign policy behaviours -- which ranged from their foreign policy orientations, scope of foreign policy to their behaviour in the international system.⁵

Another very influential work on the relationship between size and foreign policy behaviour is East's (1973)⁶ conventional model of small states' foreign behaviour. Using this model as a benchmark, the present thesis will look at the extent to which island microstates comply with, or differ from, the behavioural patterns characterised by the model, and provide the necessary explanation. Given that East's model have been used to account for the foreign behaviour of much larger 'small' states such as New Zealand⁷,

⁵. *ibid.*, pp.45-49

⁶. M.A. East. 1973. "Size and Foreign Policy Behaviour: A Test of Two Models" *World Politics*, vol.25 no.4, pp.556-576.

⁷. See, for example, a discussion of New Zealand's foreign policy behaviour as a small state, and its compliance with the patterns predicted by the East model. John Henderson. 1980. "The Foreign Policy of a Small State," in J. Henderson, K. Jackson and R. Kennaway, eds., Beyond New Zealand: The Foreign Policy of a Small State. Auckland: Methuen Publications.

it would be expected that island microstates being the smallest of the small states would behave with extreme restraints and limitations. It may be necessary, in order to highlight the foreign policy behaviour of island microstates, for certain key hypotheses from Reid's inventory to be tested against the data from the case-studies so that the variations in the foreign behaviour of island microstates under study from other 'small states,' or even other 'microstates,' is established. If, indeed, there are clear-cut variations, an attempt will be made to identify the major underlying factors.

2. ISLANDNESS AND FOREIGN POLICY BEHAVIOUR

Island microstates are not only characterised by small size, they are also islands or comprising islands. As a characteristic, islandness means being surrounded by water and situated away from bigger land masses or continents, often by considerable distances. Thus, islandness has two important aspects which may have important implications for foreign policy behaviour. First, the attribute of being surrounded by sea implied the importance of the sea to island microstates. The importance of the sea to the foreign policy behaviour of island microstates became evident in the mid-1970s following the advent of the United Convention on the Law of the Sea, when Pacific island states and microstates began to declare their 200-miles exclusive economic zones. The declaration of exclusive economic zones by Pacific island microstates has several implications for Pacific island states. First, it makes some of these very small states anything but small. For example, Kiribati which has a land area of 780 square kilometres, now has a total area including its 200-mile EEZ of 3.5 million square kilometres. Second, the Law of the

Sea regime and the sovereignty over a vast expanse of ocean area it gives the island microstates have redefined the economic prospects and potentials of island microstates, and to a considerable extent, increased their external involvements beyond patterns predicted by East's model of small states' foreign policy behaviour.

The other important aspect of islandness is the attribute of being removed by considerable distances from other landmasses, which may imply either a geographically disadvantageous or advantageous location. While distance or isolation from bigger landmasses may be disadvantageous in most cases, there are also cases where geographical isolation can be exploited to the advantage of island microstates. Such locational advantage may increase island microstates' external engagements as they seek to promote and exploit their splendid isolation.

In so far as this study is concerned, the interest on islandness is specifically to do with its effects on foreign policy behaviour, in particular the extent to which it accentuates or lessens the constraints of small size on foreign policy behaviour.

3. METHODOLOGY

This thesis attempts to understand aspects of the foreign policy behaviour of island microstates as a special category of small states through a comparative study of two island microstates, Cook Islands and Kiribati. Although, it could be argued that ideally more island microstates case-studies are required if a more accurate picture of foreign policy behaviour for this particular subcategory of small states is to be developed. Still, the choice of two island microstates can be justified on the grounds that the present study

does not aim to develop a comprehensive model of island microstates' foreign policy behaviour (in the same way as East's model of Small States Foreign Policy behaviour). Rather the main interest of the present study is to examine the extent to which the behaviours of island microstates comply with, or depart from, conventional model of small states foreign policy behaviour. At the same time, the study is interested in examining the effect of the characteristic, islandness, on foreign policy behaviours, and in particular on the restricted behavioural patterns predicted by conventional small states model, the most influential of which is East's model.

To enable a comparative analysis, the two case studies need to share selected key attributes which will be treated as constants, but to be similar or dissimilar in other aspects. For the purpose of this study, extreme smallness in population and land area and islandness is taken as the main common attributes of the two case studies. At the same time, they vary in history, geography, achieved and potential economic development, resource endowments, culture, leadership styles and many other respects. Each case-study starts with a historical and geographical background, then the political system and the economy (including development objectives, constraints and potentials. These issues provide the domestic context and environment for the country's foreign policy behaviour. The discussion then proceeds to foreign policy behaviour under four broad issue-areas: Political-diplomatic, Military-security, Economic-developmental and Cultural.⁸ Each case study provides insights into foreign policy behaviour of each country, on the basis of which comparison will be made.

⁸ For a detailed theoretical discussion of the issue-areas see, Michael Brecher et.al. 1969. "A Framework for Research on Foreign Policy Behaviour" *Journal of Conflict Resolution*. vol.XIII no.1, pp.75-101.

Cook Island and Kiribati have populations of less than 100,000, which a number of studies have proposed as the cut off point for microstates. They are both comprised of islands with a vast expanse of EEZ. They both, therefore, belong in the same subclass (in terms of population) within that heterogeneous, and imprecisely defined category, 'small states.' They are part of the same geopolitical region, thus the intervention of subsystemic factors on the impact of size is minimised. Consequently, the task of isolating the effect of smallness is made relatively easier.

But, the two case-studies are also different. In addition to differences already identified above, the two island microstates also differed in their external orientations: Cook Islands has a constitutional relation with New Zealand, Kiribati is not constitutionally tied to any country. This external orientation raises questions which will be borne in mind when comparison is made, such as: what implications do close association with a developed country or lack of it, have for foreign policy behaviour? Does the close relation with a larger, developed country or the lack of it, make the problems of smallness easier or more difficult to cope with in so far as the island microstate is concerned? Does close relation accentuate dependence? or conversely, does the lack of a close relation with a larger, developed country reduce dependence?

Overall, a comparative analysis of the foreign policy behaviour of the two island microstates will focus on the effects of smallness, dependence and islandness as independent variables on foreign policy behaviour. Comparison will also be made on the two island microstates' response to the range of issues and problems resulting from smallness, dependence and islandness, and what rooms for manoeuvre they have given

the constraints imposed by such independent variables.

In researching the data, interviews -- open-ended but focused on issues relating to foreign relations -- were conducted with key decision-makers and officials in both Cook Islands and Kiribati. These interviews supplemented data from official documents and published sources.

4. STRUCTURE

The thesis is organised into two parts. Part I (Chapters 1-4) examine the key concepts in the study and reviews the literature. Chapter One focuses on island microstates while Chapter Two looks at foreign policy behaviour. The literature on the relationships between smallness and foreign policy behaviour, and on dependence and foreign policy behaviour are reviewed in Chapters Three and Four respectively. Part II focuses on the case studies. Chapters Five and Six focus on Cook Islands, and the next two chapters, Seven and Eight, focus on Kiribati. In Chapter Nine, the case-studies are compared and analysed, and conclusions made on island microstates foreign policy behaviour.

Finally, as an attempt to test the assumption of the relationship between size and dependence on foreign policy behaviour, and windows of opportunities deriving from islandness, in a specific subclass of the small states. It therefore contributes to the corpus of work on small states by highlighting the gradations within the broader category 'small states,' and by furthering the understanding of the effect of size and dependence on foreign policy behaviour in a subclass which can be regarded as 'the smallest of small.'

The present study also makes an attempt to identify rooms for manoeuvre and windows of opportunity at the disposal of the microstates in breaking away from the constriction of small size and dependence.

The present study should also be seen as a contribution to the recent plea for what McCall referred to a 'nissological approach',⁹ which looks at the islands in their own terms, and not in terms of continental thinking. The plea is pertinent in International Relations as in other disciplines, for as Holsti (1985)¹⁰ noted International Relations is dominated by the Anglo-American scholarship, which perceives smallness and islandness as inherently problematic in a world where the realism of Morgenthau and Bull¹¹ still remain. Hence, the concerns of the literature with issues such as viability and weakness, which hardly figure prominently on the minds of the island microstates' leadership however hopeless their situation might be in the eyes of others.

⁹. See, Grant McCall.1992. Nisiology: The Study of Islands: Away with Continental Thinking, unpublished conference paper; and also, Epeli Hau'ofa.1993. Our Sea of Islands, Suva: University of the South Pacific.

¹⁰. K.J. Holsti. 1985. The Dividing Discipline: Hegemony and Diversity in International Theory, Boston: Allen and Unwin.

¹¹. Hedley Bull. 1977. Anarchial Society. London: Macmillan.

CHAPTER ONE

ISLAND MICROSTATES: DEFINITION AND CREDENTIALS IN THE INTERNATIONAL SYSTEM

1. INTRODUCTION

This chapter attempts to define 'island microstates,' a category of small states on which this study focuses. Arguing that, because 'small state' is a broad, yet heterogeneous and imprecisely-defined group, it is imperative, in order to get a better understanding of small states behaviour (including foreign policy behaviour), to recognise the gradations of states within the category, and to focus on a specific category of small states, rather than treating small states as if they are homogeneous. Island microstates are a specific category of small states and generally the smallest.

The chapter begins by examining the criteria on which microstates could be delineated from small states, and then proceeds to make the case for treating island microstates as yet another specific category of small states. The focus on island microstates will be justified on the basis of the problems and prospects facing these very small states which emanate from their 'islandness,' i.e the attributes of being removed -- often at considerable distances -- from larger landmasses and, of being surrounded by water. Beyond these physical characteristics, the chapter will argue that islandness is a useful attribute over and above smallness for the purpose of

understanding and analysing the problems of island microstates. It will be argued that islandness present a range of problems and prospects which are specific to island microstates over and above smallness, and one which distinguishes them from other small states, including land-locked microstates. The analysis will also address the relationship between smallness and islandness, specifically as it relates to foreign policy behaviour.

Finally, this chapter will also examine the credentials of island microstates as international actors.

2. *PARAMETERS OF MICROSTATES*

Island microstates had only emerged from colonial rule in the 1960s and 1970s as the process of decolonization, and conversely, the self-liquidation of European empires, proceeded in earnest following the adoption in 1960 by the United Nations General Assembly of Resolution 1514(xv) -- the so-called "Anti-colonial resolution" -- which contains the declaration on the granting of independence to colonial peoples and countries. The resolution codifies self-determination as an international value and a right to be enjoyed by all entities and peoples. As one writer observed, the resolution, in effect, provided for the world "to be decolonised to the smallest rock."¹ The resolution also provided for alternative outcomes to independence; in particular, presenting options such as integration and free association with another state.

¹. B.A. Ince. 1976. "The Administration of Foreign Affairs in a Very Small Developing Country." In V.A. Lewis, ed, Size, Self-Determination and International Relations : The Caribbean. Jamaica: Institute of Social and Economic Research, 1976 p.308

Although the resolution may have done nothing new other than hastening a process that was increasingly becoming inevitable as more and more former colonies became independent, it, in some ways, removed certain conventional criteria, such as small size which was previously held to militate against separate independence by the smaller territories. The resolution implicitly recognises, among other things, that smallness should not necessarily constitute an obstacle to the expressed wishes of the colonised people for self-determination. The resolution thus paved the way for the emergence of a plethora of small states, a remarkable number of which are extremely small by any conventional criteria, whether population, land area or GNP.

The resolution also contributed to the emergence, and subsequent international acceptance of what Bernard Schaffer (1985) has described as the ideology of "extantism", through which the international community provide the support for existing frontiers. In simple terms, the ideology of extantism entails that once created, small states have to be maintained.²

At this juncture it is essential that our concept of "island microstates" is specified and clarified. To do so, it is necessary that the term "microstate" as a class or category of states is defined and adequately understood. Then, an attempt will be made to decide whether or not microstates that are islands constitute a specific sub-category within the microstates.

3. *WHAT ARE MICROSTATES?*

². Bernard Schaffer. 1985. "The Politics of Dependence." In Peter Selwyn,ed. Development Policies in Small Countries. London: Croom Helm Ltd. p.33

The Secretary-General of the United Nations in his 1967 report to the General Assembly referred to microstates as "entities which are exceptionally small in area, population and human and economic resources and which are now emerging as independent states."³ While this definition identifies the main variables -- namely, area, population and resources-- with which microstates can be classified, its usefulness, argued Reid (1974):

*is limited by its failure to indicate parameters which circumscribe the notion of extreme smallness. As a result, it would be of little use in the construction of a list of microstates.*⁴

Reid goes on to suggest that microstates might be identified "by ranking all states which are members of the [present] international system according to selected attributes and regarding those which are lowest ranked as microstates."⁵ But, to define a microstate on the basis of some sort of an international stratification of states is not as easy an exercise as it seems. Attempts to define microstates in this way have often been fraught with problems originating from the arbitrariness of the defining parameters.

A survey of the literature on microstates will reveal two major recurrent difficulties confounding attempts to define microstates, at least along the lines Reid has suggested. First, there is the question of what reliable attribute (or objective

³. Quoted in G.L. Reid, op cit. p.4.

⁴. ibid

⁵. ibid

measure of size) to use. Obviously, there are many, but the main ones which scholars have concentrated on are: (1) population, (2) land area, and (3) national income -- (to name but a few of the main ones). Having selected the key indices, it is imperative that the ranking constructed needs to combine the various indices into a composite score. But, combining the indices of smallness into a composite score is not always done as many studies have conceded that it is too cumbersome and arbitrary a calculation. Thus, for the sake of convenience, the prevailing practice has been to choose a single variable, namely, population as a yardstick in the classification of states according to size. The questions remain, however : How reliable is population as an index of size? Does it adequately represent or reflect other indices?

Even if there is in a large number of cases a correlation between population-based ranking with those based on other variables singly or in combination to give population some measure of reliability as a measure of size, it is still too narrow a conception. Given the glaring examples of the incongruence in certain cases of population-based ranking with ranking based on other variables (as in the case of Nauru with a population of just over 8,000 and a land area of a mere 21 square kilometres, but an economy which puts it in the league of larger states many times the size of Nauru's miniscule population or land area), it is important to be cautious when using a single criterion in ranking states.

Granted that the conventional practice is to rely on population as a proximate index of size, the second problem which besets the ranking of states as Reid has suggested, and one that so far remains unresolved is : How should one delineate

microstates from small states? The common practice among scholars and international organisations is to select some arbitrary population cut-off point. The current literature on microstates is replete with a multiplicity of population cut-off points which delineate microstates from other small states. These multiple population thresholds suggest the lack of consensus among writers and observers of microstates.

In a study commissioned and published by the United Nations Institute for Training and Research (UNITAR) in 1971, a microstate is defined as a very small state with a population of one million or less.⁶ The same population ceiling was used by other international organizations such as the Commonwealth and the United Nations Conference on Trade and Development (UNCTAD) as well as individual scholars.⁷ While applying the same population ceiling, other scholars have specified additional attributes and qualifications. Dolman (1982) suggested an additional qualification of less than 5,000 square miles (about 13,000 sq.km) in land area,⁸ while Doumenge (1983) suggested a higher land area qualification of 20,000 square kilometres.⁹ As with the population cut-off points, these additional criteria are arbitrary and, to some extent, based on the authors' knowledge of specific countries.

⁶. UNITAR. 1971. Small States and Territories. New York: Arno Press, 1971.

⁷. The population ceiling is suggested in publications by organisations such as: UNCTAD. 1971. Developing Island Countries. (Report of the Panel of Experts). New York: United Nations Publications. For individual scholars, see for example, A.J. Dolman. 1982. "The Development Strategies of Small Island Countries: Issues and Options." In A.J. Dolman et.al. Small Island Countries, Regional Cooperation and the Management of Marine Resources. The Hague: Foundation for Reshaping the International Order.

⁸. A.J. Dolman, op.cit

⁹. F. Doumenge. 1983. Viability of Small Island States. New York: UNCTAD.

In a 1984 study of microstates by the David Davies Memorial Institute of International Studies, seventy-nine entities were listed as microstates, having populations of one million or less.¹⁰ The list is very heterogeneous, ranging from Namibia (population 1 million) and Botswana (830,000), both of which are also large in area, to the smallest, the dependent territory of Pitcairn Island with a population of a mere 63 and an area of only 10 square kilometers.¹¹ The countries encompassed are very diverse, not only in terms of population size, but also their economy, resource endowment and political status. Some, like Pitcairn and Tokelau, cannot be regarded as states in the legal sense because of their political status as dependencies of other states. It is essential that if a population cut-off point delineating one category of states from other categories is to be effective, the 'within-class' variations among states in a specific category -- in terms of population or whatever the variable is -- are kept to a minimum. Because the one-million population ceiling encompassed a wide array of states, there may be grounds to assert that the one million population cut-off point may be too high. For, while one million may appear relatively 'very small' from the perspective of the largest states, it is relatively 'large' when viewed from the bottom ranks. Given that the vast majority of the seventy-nine listed 'microstates'-- 65 in all -- have populations of under 500,000, it would be reasonable to expect an effective cut-off point for the purpose of categorising microstates to be around 500,000 mark. But, that again may be too high still as a good number of the states and territories

¹⁰. Sheila Harden.ed. 1985. Small is Dangerous: Microstates in a Macro World, London: Frances Pinter Publishers, pp.196-7.

¹¹. *ibid.* p.197.

listed have populations a lot less than 500,000.

At the level below 500,000 there is still no clear consensus among scholars. Caldwell (1980 et.al.) categorised microstates as those having populations of around half-a-million or less.¹² For Jalan (1982), microstates have populations of 400,000 or less, a total arable land area of 2,500 square kilometers and a GNP per capita of US\$500.¹³ Blair (1967) and Plischke (1977) pitched the upper population threshold of the microstates at 300,000,¹⁴ while de Smith (1970) deemed an entity a microstate only if it has a population of 150,000.¹⁵

In two separate studies, entities with populations of less than 100,000 are treated as a distinct sub-category of microstates with peculiar size-related problems. Plischke classified these miniscule entities as 'sub-microstates',¹⁶ while Wiltshire (1976) contended that it is in this sub-category of small states that the relationship between size and weakness becomes particularly critical.¹⁷

If any conclusion is to be drawn from the above review of the definition of microstates in the literature, it is that whatever statistical threshold one uses -- whether

¹² J.C. Caldwell, et.al. 1980. "The Demography of Microstates." In E.C. Dommen, ed. Islands. Oxford: Pergamon Press.

¹³ B. Jalan, ed. 1982. Problems and Policies in Small Economies. London: Croom Helm.

¹⁴ P.W. Blair. 1967. The Ministate Dilemma. New York: Carnegie Endowment for International Peace; E. Plischke. 1977. Microstates in World Affairs. Washington DC: American Enterprise Institute for Public Policy Research.

¹⁵ S. de Smith. 1970. Microstates and Micronesia. New York: New York University Press.

¹⁶ Plischke, op.cit. p.13

¹⁷ Rosina Wiltshire. 1976. "Mini-states, Dependency, and Regional Integration in the Caribbean." In V.A. Lewis, ed. Size, Self-Determination and International Relations: The Caribbean, Jamaica: Institute of Social and Economic Research. p.100

population or any other index of size -- to mark the upper end of the microstates band in an international stratification of states, it can only be imprecise and arbitrary.

For the purposes of this thesis, a 100,000 population ceiling is adopted as an arbitrary cut-off point which separates the microstates from the other small states. In the context of the Pacific island region, which is comprised mostly of small states with populations of less than 1 million, the 100,000 population ceiling for microstates seems a realistic cut-off point given the special problems and needs of states in this sub-category of small states. In fact, the practice of having a special programme within the South Pacific Forum for 'smaller island states' in recognition of their peculiar situations and needs is consistent with, if it does not confirm, the 100,000 cut-off point as all countries in this group have populations a lot less than 100,000. In the Caribbean Community arrangement, the Lesser Developed Countries to which special programmes of assistance apply all have populations less than 100,000.

4. *MICROSTATES IN THE INTERNATIONAL SYSTEM:*

As very small entities, microstates belong to a category of states which has been assumed in much of the current international politics literature to possess dubious credentials for sovereign statehood. The scepticism on the claims and rights of these entities as sovereign states, hence international actors, seem to be more in the realm of politics rather than law. For, while these entities have no difficulties meeting the basic criteria for statehood as defined in the Montevideo Convention of 1933 -- namely, the possession of (a) a permanent population, (b) a defined territory, (c) an

effective government, and (d) capacity to enter into relations with other states -- and have had no difficulties (except in some specific cases e.g associate states) in being accorded due recognition by the international community -- it is in the exercise of these minute entities' rights and claims to, and their capacities to cope with the demands of sovereignty that many scholars and observers have questioned their credentials.

Much of the scepticism on microstates' capacity to assert the claims of sovereignty seems to have been premised on their 'extraordinary' -- that is, relative to larger established states (from which, in most cases, microstates have been perceived and judged), and by any conventional measure -- minuscule size. Reid (1974) points out that the label, microstate, which refers to the very small states discussed in this chapter seem to convey the notion that the entities so described differ significantly from those to which the term 'state' is usually applied.¹⁸ Not surprisingly, these very small entities have variously been referred to by several authors with an assortment of seemingly perjorative labels including, 'postage stamp', 'see-through', 'pocket handkerchief', 'impossible', 'imitation', 'bogus', or similar tags which, not only imply extreme smallness but also, and fundamentally, question their status as fully-fledged states.¹⁹

Jackson and Rosberg (1982), for example, have argued that in the face of their numerous disabilities -- which include among other things, lack of economic resources and inability to defend themselves from external threats -- microstates juridically are

¹⁸. G.L. Reid, op.cit. p.4

¹⁹. P.Boyce. 1975. Foreign Affairs for New States: Some Questions of Credentials, St. Lucia: University of Queensland Press. p.233.

full-fledged states yet empirically they seem not quite.²⁰ But, to judge the credentials of microstates as states solely on empirical attributes -- such as size or capability -- is misleading because "neither conventional nor customary international law has cared to define the quantitative attributes of a state in the international system."²¹ Moreover, most empirical attributes are highly variable and contentious. If they were to be applied stringently to many of the Third World states today -- both large and small -- many of them, like the African states of Angola, Chad, Ethiopia and Uganda -- to name but a few -- would not qualify as states by virtue of the fact that their governments cannot plausibly claim a monopoly of force within their jurisdictions on account of divided tribal and ethnic loyalties, high incidence of corruption within government or the military; or that like the microstates, they are economically weak, poor and militarily weak. Thus, for the purpose of this study, the fact that microstates (and indeed, island microstates) meet the *de jure* juridical attributes of statehood -- namely, territory, population, government and constitutional independence -- is itself a sufficient proof of statehood. For, as Rajan (1988) points out :

Independence, sovereignty, and equality have never been, and can never be absolute in the very nature of the differences between states in size and resources. Great inequalities have always existed in the rights and obligations of states, and jurists and statesmen have never questioned them. They cannot certainly question them today, seeing that such a large number are recognised and

²⁰. R. H. Jackson and C.G. Rosberg. 1982. "Why Africa's Weak States Persist: The Empirical and the Juridical in Statehood" World Politics. Vol 35.

²¹. M.S. Rajan. 1988. "Small States and the Sovereign Nation-State System." International Studies. Vol.14.

*accepted by the international community.*²²

It can be argued that, to insist on the basis of certain empirical deficiencies that microstates are not full-fledged states assumes, to some extent, the essential similarity of all states, a misconception which seems to imply the notion that if entities are to be called states, they should be broadly similar in most respects. Claude (1986) has referred to this assumption as 'the myth of states as peas in a pod.'²³ He attributed this overgeneralization to intellectual laziness:

*We learn something about one or two states and happily grasp the assumption that if we have seen one we have seen them all; we need not trouble ourselves to examine all those other states, if we can simply take it for granted that [a state should] share the characteristics of the few states with which we are familiar.*²⁴

Indeed, as far as the credentials of microstates are concerned, it is easy to exaggerate their distinguishing features, particularly when perceived and analysed by scholars from the vantage point and standards of the larger established states, rather than being treated as states in their own right, but with a difference.

Microstates, and particularly island microstates, have largely been perceived to be, not only minute in size, but also weak and vulnerable, given their disabilities and constraints and the vagaries of the international system within which they find

²². ibid.

²³. I. L. Claude. 1988. States and the Global System: Politics, Law and Organization. New York: St Martin Press. p.14

²⁴. ibid

themselves.²⁵ In the words of the Secretary-General of the Commonwealth, Sir Sridath Ramphal (who is himself a microstate statesman of international stature):

*...small is weak and fragile, vulnerable and relatively powerless; [microstates] operate in a world where the weak are not rewarded for the beauty of their smallness but ignored [and] imposed upon....*²⁶

That microstates (including island microstates) are weak and vulnerable on some criteria cannot be denied. But, it can be argued that despite their small size and associated deficiencies, most island microstates may be relatively better off than their larger counterparts on the African continent in terms their cohesiveness as national societies, their solidarity and determination as nations to preserve their national identity in the face of change and external threats. Indeed, it is a fact that in the context of small states like microstates, smallness can be advantageous especially in terms of the relative ease with which the different sections of governments can be brought together in support of a particular national action.

As very small entities, and given the correlation of small size with national

²⁵. Commonwealth Secretariat. 1985. Vulnerability: Small States and the Global Society. (A report of a Commonwealth Consultative Group). London: Commonwealth Secretariat. The issue of the vulnerability of very small states became particularly prominent as an issue of international concern after the US invasion of Grenada. The report under reference is a report of the Commonwealth Consultative Committee set up by the Commonwealth Heads of Government Meeting in New Delhi in 1983 to look at the special situation of small states. Other works concerned with the vulnerability of small states include, Sheila Harris, op.cit.

²⁶. Commonwealth Secretary General Sridath Ramphal's opening address at the first meeting of the Commonwealth Consultative Group, 18 July 1984. Quoted in Commonwealth Secretariat, ibid. pp.119-121.

capabilities, whether economic, defence or otherwise,²⁷ microstates -- like what Rothstein (1968) defined as small powers -- recognise that they cannot obtain security in its broader sense on their own but must rely, to a large extent, on the aid of other states, institutions, processes or developments. This reliance on other international actors and processes for security is as applicable to microstates as for every states in the world. The fact that their claim to co-exist with larger states has been acknowledged by the international community (through recognitions and diplomatic relations), including the international organizations, which accept them as members], island microstate can expect assistance in their defence and functioning as states. Their confidence in the support of the international order is evident in the fact that despite their inability to defend themselves, microstates perceive and define security in its broadest sense which include, most significantly, economic security. As President Maumoon Gayoom of the Maldives so eloquently puts it:

*Economic development [rather than defence]...is the frontline of the battle...Remove the threat and the debilitating effects of poverty, and the first -- the most important battle will be won, and quite possibly the war.*²⁸

5. HOW ISLAND MICROSTATES DIFFER FROM OTHER MICROSTATES?

While island microstates share with other microstates and very small states many of the common problems associated with small size, island microstates face other problems (and prospects) over and above those which stem from smallness. As

²⁷. The correlation between the small size of the state and its national capabilities is discussed in greater details in Chapter 3.

²⁸. Quoted in S. Harding, *op.cit.*, p.8 .

islands, island microstates are surrounded by water and situated away from bigger land masses or continents, often by considerable distances. In comparison to 'land-locked' microstates, most island microstates, with few exceptions, are multi-island entities where the component parts are sometimes dispersed over vast expanses of water.

Island microstates share with other microstates the common factor -- smallness -- as defined conventionally on the basis of population, land area and economy. Within the small states category, island microstates are generally the smallest. Of the 76 states listed in the United Nations Statistical Yearbook with populations of one million or less, only 16 are not islands, compared to 60 which are, whereas there are only 10 developing island countries and territories which have populations over one million.²⁹

In common with other small developing countries, island microstates face many constraints and difficulties imposed by small size. These constraints and difficulties include, limited natural resources, small populations, narrow range of local skills, and small domestic markets, which in turn have implications for development and broad national well-being objectives, as well as their foreign policy behaviours. Island microstates, particularly the tropical and Pacific islands ones, have the added problem of being prone to natural disasters especially tropical cyclones. The smaller atoll island microstates (for example Kiribati, Tuvalu and Marshall Islands in the Pacific and the Maldives in the Indian Ocean) have highly fragile natural ecology and are very

²⁹. United Nations. 1992. Statistical Year Book 1988/89. (37th issue). New York: United Nations. pp.65-70.

vulnerable to the predicted sea-levels rise.

For Dolman (1982), the distinguishing feature of island microstates is the concentration and severity of the problems associated with small size in the island microstate subcategory -- a concentration and severity that seem to increase as one goes down the country-size scale :

This concentration and severity, greatest in the smallest and most remote islands, make island countries even more fragile, open and vulnerable than larger and continental developing countries.³⁰

The United Nations Conference on Trade and Development (UNCTAD) in its Resolution III(v) identified the main 'handicaps' of island microstates as smallness and remoteness, which singly or in combination contribute to other difficulties including, constraints in transport and communications, great distances from market centres, highly limited internal markets, lack of marketing expertise, low resource endowment, lack of natural resources, heavy dependence on a few commodities for their foreign exchange earnings, shortage of administrative personnel and heavy financial burdens.³¹ Most of these constraints and difficulties are clearly direct consequences of small size. Even with those constraints -- such as remoteness, transportation and communications difficulties, and great distances from market centres -- which are consequences of insularity, it is sometimes difficult to talk of them without reference

³⁰. A. Dolman. 1985. "Paradise Lost? The Past Performance and Future Prospects of Small Developing Countries." In Edward Dommen and Philippe Hein, eds. States, Microstates and Islands, London: Croom Helm. p.42

³¹. UNCTAD. 1985. "Examination of the Particular Needs and Problems of Island Developing Countries." In Edward Dommen and Philippe Hein. op.cit. pp.119-151.

to, or independently of, smallness. For smallness does contribute to their severity and gravity. For example, the irregularity and high costs of transport in the Pacific island microstates, while obviously caused by the remoteness and isolation of the islands away from the main shipping and air routes, was also attributable to their small size. Thus, Pacific island microstates such as Kiribati, Niue and Tuvalu suffer irregularity and high costs of shipping and air services not only because of their remoteness, but also because the small volume of cargo and passenger traffic is too low to sustain regular services economically. Most existing shipping services to these countries are either heavily subsidised³² or operating on inducement basis.

As a characteristic feature of island microstates, remoteness and isolation imply 'geographically disadvantageous location', which when combined with smallness has very serious diseconomies of scale implications. While this relationship between locational disadvantage and smallness is true in general, isolation and remoteness should also be seen as advantageous in specific cases. In search of a place and a national role in the international division of labour, some island microstates "may find that there are some opportunities to exploit their remoteness and isolation, turning a traditional weakness into a comparative advantage"³³ by providing sites for activities and services which could not be carried in the bigger population centres. Nigel Wace

³². For example, the Pacific Forum Line initiated a feeder service from Suva to Kiribati and Tuvalu in 1983 to service the smaller members of the Forum. The service was funded by Australia and New Zealand.

³³. Nigel Wace. 1980. "Exploitation of the advantages of remoteness and isolation in the economic development of Pacific Islands." In R.T. Shand, ed. The Island States of the Pacific and Indian Oceans: Anatomy of Development. Canberra: Australian National University. p.87.

(1980) has examined some of the areas where island microstates can exploit their geographical remoteness to their advantage. These areas and activities include: the testing of weapons; storage of noxious chemicals; military bases; satellite communication and tracking stations; bulk-handling, refining, trans-shipment and treatment of noxious or dangerous fuels or other substances; provision of quarantine stations, and biological conservation.³⁴ Some rent-seeking island microstates have exploited these opportunities. For example, the Marshall Islands have gained more than other entities in the former Trust Territory of the Pacific Islands in financial grants under the Compact of Free Association with the United States from the latter's use of Kwajelain Atoll for its military tests. Many of these activities are potentially controversial because of their hazardous nature and their environmental effects, and whatever the anticipated economic benefits, these could be outweighed by certain negative long-term human and environmental effects. For example, nuclear testing is often associated with population dislocation (e.g Bikini, Moruroa, Rongelap) to make way for test installations or escape the harmful effects of the tests. In both Bikini and Morurua high incidences of cancer and other radiation-related diseases have been reported, as well as concerns about damage and contamination of the environment. Bikini, for example, was for half a century at least rendered unfit for human habitation because of nuclear contamination. Military bases and installations also require wholesale transfer of island populations as in the case of Diego Garcia, Moruroa, Fangataufa and, to some extent, Kwajelain.

³⁴. *ibid* pp.90-93

The strategic importance of island microstates which stem from their isolation and remoteness also have negative long-term political and social consequences. For example, they tend to frustrate and condition islanders' desire for greater degrees of political independence as in the case of the Micronesian entities which formerly made up the Trust Territories of the Pacific Islands. In this case the economic benefits from military installations or strategic arrangements have been, and continue to be used by 'powerful outsiders' to preempt moves for political independence and lock the island microstates concerned in some permanent dependency relationships. Consequently, the island microstates concerned are presented with little option beyond continuing links with their benefactors. As Connell (1987) asserted, the few advantages of remoteness tended to "starkly highlight the powerlessness of island microstates."³⁵

In spite of Connell's assertion, the potentials of remoteness are still significant for some island microstates in terms of their relation with other members of the international community as these perceived potentials contribute to the basis of what might be regarded as the island microstates' 'national role conceptions'³⁶ in relation to other countries. In the context of this thesis, national role conception refers to opportunities conceived by leaders/decisionmakers in island microstates through which their countries might play a certain role to other countries or groups of

³⁵. John Connell. op.cit. p.9

³⁶. K.J. Holsti. 1970. "National role conception in the study of foreign policy." International Studies Quarterly. Vol.14, no. 3. pp.233-309. Holsti defined 'national role conception' as "policymakers' own definition of the general kinds of decisions, commitments, rules and actions suitable to their state, and the functions, if any, their state should perform on a continuing basis in the international system or in the subordinate international system."

countries, taking into cognizance the island microstate's 'comparative advantage' from -- for instance, its remoteness, strategic location and other factors -- and the demand for that service or role by other countries. Such notions of national roles have contributed to attempts by island microstates to lease part of their territories to service the requirements of other states. Examples of such services include Marshall Islands' canvassing support for its proposal for the use of one of its islands as the world's repository for nuclear waste,³⁷ or that of the Republic of Kiribati in providing the site for a Japanese space agency, NASDA at Kiritimati (Christmas Island) for its satellite tracking facility. In the mid-1980s there were attempts to attract Japanese interests to develop a space centre on Kiritimati in view of its isolated and advantageous (being close to Equator) location, but the attempts fell through. The development of Cook Islands as a 'taxhaven' is also a product of the island microstates' leaders' national role conception *vis-a-vis* international commerce, in which leaders/decisionmakers in the Cook Islands took into consideration the locational advantage of their country in terms of time zones and the need by foreign businesses for such services in facilitating the movement of funds from one market to the other, let alone the need for a safe haven for evading taxes.

The advantage derived from remoteness is unlikely to apply to all island microstates, but only to a handful of those in Pacific, Caribbean, Atlantic and Indian Oceans which are suitably placed to take advantage of their remoteness and isolation. The majority of the island microstates however, have little alternative but to maximise

³⁷. Tok Bilong Pasifik, No. 48, August/November, p.14

returns from their limited resources or finding ways of increasing external support for achieving sustainable social and economic development.

The problems and potentials of isolation and remoteness --characteristics unique to islands -- discussed in the preceding paragraphs seem to suggest that it might be useful to talk of island microstates as a distinct sub-set of microstates (or even, the more general category, small states) with their unique situations, problems and prospects, extraneous to the attribute of simply being small.

The advent of the United Nations Convention on the Law of the Sea has provided further justification of the need to treat island microstates as a subcategory within the broader microstates or small states category. The Convention, which was adopted in 1982 but only came into force on 16 November 1994 when the required 60 states ratified it, highlights the importance of the sea to island microstates.

The most important provisions of the new Convention, from the point of view of the island microstates, are those relating to islands, archipelagos, archipelagic baselines, exclusive economic zones (EEZs) and legal continental shelf. The Convention recognises the rights of all islands to claim a territorial sea (now extending to twelve nautical miles from baselines established by the coastal state concerned), a contiguous zone (extending twenty-four nautical miles from the appropriate baseline), an exclusive economic zone of up to two hundred nautical miles from baselines used for measuring the breadth of territorial sea, a redefined legal continental shelf of not less than two hundred nautical miles from the appropriate baselines provided they can

sustain human habitation or an economic life of their own.³⁸

Under article 46(a) of the Convention, an archipelagic state is defined as "a state constituted wholly by one or more archipegoes and may include other islands."³⁹ Although most island microstates have no difficulty satisfying this definition, some of them (like Kiribati, for example) are disappointed with provisions relating to baselines which require that "no baseline segment be longer than 125 nautical miles, that the ratio of land to sea within the baseline drawn must not be less than 1:1 nor exceed 9:1, and that no more than 3 percent of the baseline segments exceed 100 nautical miles."⁴⁰ Clearly, as many scholars and observers have recognised, these criteria discriminate against those very scattered archipelagoes *a la* Kiribati.

Indeed, the Convention and the vast expanse of ocean it brings under the jurisdiction of the island microstates have redefined their development prospects and highlighted the potential importance of ocean space and marine resources in national development. The Convention has also highlighted the importance of the sea in their dealings with other states. These developments from the Law of the Sea Convention may also point to the need for the issue of country size and extant conclusions about its relationship with island microstates' policies and behavioural patterns, including foreign policy behaviour, to be more closely scrutinised.

From the point of view of economic development, the vast expanse of ocean

³⁸. South Pacific Forum Fisheries Agency. 1985. The New International Law of Fisheries as it relates to the South Pacific. (FFA Report No.85/5). Honiara: South Pacific Forum Fisheries Agency.

³⁹. ibid.

which the Law of the Sea brings under the jurisdiction of island microstates has contributed to improving the development prospects and potentials of these countries. The Law of the Sea has also presented island microstates with the opportunity to diversify their economies and develop new sources of foreign exchange. In the Pacific Islands region, for example, the advent of the Law of the Sea Convention and declaration of 200-miles EEZs encouraged increased direct involvement of Pacific island governments in commercial tuna fisheries in two main ways: through the establishment of national tuna fishing companies (Te Mautari Fishing Ltd in Kiribati) or joint-ventures with foreign fishing companies (e.g. Solomon Taiyo in Solomon Islands), and through licensing agreements which give distant water fishing nations access to Pacific island microstates' EEZs. In recent years, Pacific island microstates have invoked relevant provisions of the Law of the Sea and related regional agreements (e.g. the Nauru Agreement) and require distant water fishing nations to discharge or tranship catches at or from domestic ports. Indeed, the tuna industry has made significant contributions to the national economies of Pacific island microstates, particularly the Melanesian and Micronesian states of the Central and Southwest Pacific where the resource is concentrated. In Kiribati, for example, the tuna industry earns the country foreign exchange from export revenue and licensing fees (which is estimated to contribute around 25 percent of government revenue). In addition, there are also economic benefits from employment -- both in the domestic industry and on foreign tunaboats, especially Japanese and South Korean boats -- and from the discharge and transhipment of catches at Tarawa.

Apart from direct economic benefits, the resources of the sea and the EEZs are increasingly becoming important elements in the foreign relations of Pacific island microstates -- both at bilateral and regional/multilateral levels. This is particularly the case in those island microstates where tuna is found in abundance, where -- as it will be seen in the Kiribati case -- the occurrence of the resource in their EEZs has enabled these island microstates to be active in pursuing their national interests through bilateral relations with the countries interested in fishing their EEZs. In some cases, the existence of tuna resources in island microstates' EEZs and the interests of other states in exploiting it has enabled these very small entities to be more active than the literature on small states foreign policy behaviour would generally allow or expect them to be (see Chapter 3). The importance of the sea as a factor in Kiribati's foreign policy has prompted Hoadley (1991) to characterised the country's external relations as 'maritime diplomacy.'

The Law of the Sea has also improved the perception of island microstates by other larger states. For example, a Japanese report on the result of its 20 years survey of seabed resources in the EEZs of some of the Pacific island microstates has presented a brighter picture of the development potentials -- and consequently, a more positive perception by other states -- of the three smaller island microstates named, which is different from the usual 'land resources-based' assessment:

The most significant results are high potential area for manganese nodules in Cook Island waters and high potential areas for cobalt-rich manganese crusts in Kiribati and Tuvalu waters. Kiribati and Tuvalu also have

*potential for manganese nodules.*⁴¹

Despite the benefits from the Convention, there are concerns that the full potentials to island microstates may not be realisable in the immediate future, given the high costs of the technology required for the exploitation of seabed resources, and their lack of capacity to maintain comprehensive surveillance thus enforcing their jurisdictions. Overall, these current difficulties do not outweigh the importance of the Convention to the island microstates in relation to their improved development prospects and better bargaining position with larger countries interested in exploiting the resources of their EEZS.

Another area where island microstates can be seen to differ from other microstates in terms of their problems and concerns is the environment, and in particular, the issues of global warming and rising sea levels.

Global warming and rising sea levels which gained prominence in the international community towards the end of the 1980s introduced a new dimension of problems over and above the problems of smallness for island microstates. Predictions by the Intergovernmental Committee Negotiating a Framework Convention on Climatic Change (IPCC) of sea level rise of 12 to 40 cm by the year 2030 and 30 to 100 cm by the end of the next century⁴² has highlighted the vulnerability of this sub-category of small states, which stem from their islandness and smallness. As islands,

⁴¹. Quoted in Island Business Pacific, May 1995 p.38

⁴². Quoted in U. Neemia and R.R. Thaman. 1992. Kiribati: Report for the United Nations Conference on the Environment and Development, Apia, Western Samoa: South Pacific Regional Environment Programme. p.47.

surrounded by sea and with already small land areas, this sub-category of small states is likely to be drastically affected by global warming and rising sea levels, with the impact becoming worse for the smaller and low-lying islands, which may be rendered uninhabitable or become submerged. Thus, environmental issues, particularly global warming and rising sea levels have given rise to increased associative diplomatic efforts by island microstates, the main objective of which is to draw international attention and support to their predicaments. The most conspicuous manifestation of increased associative diplomacy by island states in response to environmental issues was the creation of the Alliance of Small Island States in 1989. Initiated mainly by Trinidad and Maldives, the Alliance has grown in membership from its original 15 to 37 in six years of its existence. Its achievements to date include, defeating the opposition from some oil-exporting states to the inclusion of the mention of carbon dioxide in the World Climate Conference declaration,⁴³ persuading the UN to locate the new Commission on Sustainable Development in New York instead of Geneva "because many members could not afford to have representatives at both places,"⁴⁴ and in general, the growing recognition by the international community of the needs and problems facing small island states following the bloc's successful campaign at 1992 Rio de Janeiro UN Conference on Environment and Development. Growing awareness by the international community of the needs of small island states does not often lead to increased support. At the first UN Global Conference on the Sustainable

⁴³. Robert Keith-Reid. 1994. "Island Power: A Group that could make big powers take notice" Islands Business Pacific, June. p.39

⁴⁴. ibid

Development of Small Islands Developing States held in Barbados in 1995, donor countries failed to deliver on their pledges at the Rio Summit to put new resources towards the small islands developing states.⁴⁵ Nevertheless, the existence of the Alliance ensures that the concerns of island states are put on the international agenda. Commenting on the Barbados Conference, Alliance chairperson, Annette des Iles pointed out that the conference was a success because:

*...we started from a situation where there had been no attention given to the special needs of small islands...the fact that the conference did take place, the fact that we do have a programme of action...that's an important step and it's an important recognition in itself.*⁴⁶

Within the UN, the Alliance of Small Island States is becoming a force to reckon with. For example, New Zealand courted the Association's support to win a seat in the Security Council in 1993.⁴⁷

Thus, the characteristic, islandness -- and in particular, being surrounded by sea -- gives rise to a set of problems and issues facing island microstates which are either related to, or extraneous to those originating from smallness per se. It does, therefore, make sense to discuss island microstates as a subcategory within the wider and heterogenous small states category.

⁴⁵. Ian Williams. 1994. "The North tells small islands to drown." Pacific Islands Monthly. June. pp.6-7.

⁴⁶. Jane Reeves. 1995. "The woman working to make sure the islands get something from Barbados" Islands Business Pacific. March. p.57

⁴⁷. Keith-Reid. op.cit. p.39

6. CONCLUSION

As a subcategory of small states, island microstates are generally, as pointed out above, the smallest. If, as often claimed, it is in this subcategory where the problems associated with small size are particularly severe and concentrated, the question arises as to the implications of their extreme small size for external behaviour. How is their extreme small size reflected in the concerns and scope of their foreign policy behaviour? Does extreme size make them more externally dependent on other states? As islands, and given the importance of the sea following the advent of the Law of the Sea, are their problems of smallness accentuated or minimised? Does islandness create room for manoeuvre from the limitations of smallness? These questions and issues will be examined in the chapters which follow.

As a subcategory of small states, the interest in the present study will focus mainly on examining the degree to which island microstates differ from other small states in the concerns of their foreign policy behaviours and the processes by which they are formulated.

CHAPTER TWO

WHAT IS TO BE EXPLAINED? FOREIGN POLICY OR FOREIGN POLICY BEHAVIOUR

INTRODUCTION

This chapter introduces the second crucial concept in the present thesis namely, foreign policy. The chapter begins with a critical examination of the current definitions of foreign policy. Noting on the basis of a critical examination of the key concepts common to most definitions, that foreign policy as presently defined is too amorphous a concept to enable precise analysis, this chapter attempts to justify the choice of foreign policy behaviours over foreign policy *per se* as a focus of observation and analysis in the present thesis.

All states, irrespective of their physical size, wealth, political influence or military power, are inextricably part of the International system -- that collection of states and non-states actors, including international governmental, non-governmental organisations and transnational corporations, which interact with each other, in some instances, with considerable frequency. The notion 'system' itself denotes the international phenomenon as something formed of parts placed together or adjusted into a regular or connected whole.¹

Given the inherent differences between states in their size, economic, political

¹. Joseph Frankel. 1981. International Relations in a Changing World, London: Oxford University Press. pp.146-7

or military power, some states will be seen to be more influential than others in the international system. Some will have less influence and effect, while others will have very little influence. Keohane (1969) has categorised states according to their effect and influence on the international system -- a categorisation clearly based on size and capability factors such as economy, military and politics -- into four broad types, namely: (a) 'system-determining' states which play a crucial role in shaping the international system; (b) 'system-influencing' states which cannot expect to dominate the system but may nevertheless be able to significantly influence its nature through unilateral as well as multilateral actions; (c) 'system-affecting' states which cannot hope to affect the system acting alone but nevertheless can exert impact on the system by working through small groups or alliances or through universal or regional international organizations; and (d) 'system-ineffectual' states that can do little to influence the system-wide forces that affect them, except in groups so large that each state has minimal influence on its own.²

Despite their differing capacities to influence the international system or its component parts -- *i.e* other states and non-state actors -- all states do act and react, not only in their interactions among themselves and other international actors, but also with situations in the international system that demand attention.³ Watson (1982) has pointed out that "the ability of [states] to deal with other states [and other non-state entities] and therefore to conduct dialogue with them [is] the very heart of

². Robert O. Keohane. 1969. "Lilliputians' Dilemmas: Small States in International Politics," International Organization, vol.23, pp.291-310

³. A. Watson. 1982. Diplomacy: The Dialogue between States. London: Methuen. p.15

sovereignty."⁴ Whether or not they are capable of influencing situations or other actors to suit their interests, it is important to note that their action, inaction or reaction however influential or restricted it may be, constitutes what might be regarded as their international behaviour, which is guided, for the most part, by a state's foreign policy.

But, what is 'foreign policy'? Is it a clear-cut concept that easily lends itself to precise definition? Or, is it an amorphous phenomenon which defies explicit definition?

2. FOREIGN POLICY: SOME DEFINITIONAL PROBLEMS

Writing on foreign policy, Charles F. Hermann (1978) has observed that:

*One of the most remarkable features of post-World War II study of foreign policy is the scant attention given to the general concept of foreign policy and the dimensions and categories into which it can be profitably arrayed.*⁵

Hermann's concerns were shared by other scholars⁶ who argued that there has been a tendency to take what foreign policy is for granted and assume that its contents, or what it constitutes, are self-evident. This tendency to take what foreign policy is for granted, and at the same time, the confidence that others presumably shared their assumption has largely removed the need for explication of foreign policy as a

⁴. ibid.

⁵. Charles F. Hermann. 1978. "Foreign Policy Behaviour: That which is to be explained." in M.A. East, S.A. Salmore and C.F. Hermann. eds. Why Nations Act, California: Sage. pp.25-47

⁶. See, for example, O.J. Holsti. 1976. "Foreign Policy decision makers viewed psychologically: 'cognitive process' approaches." In J.N. Rosenau, ed. Structure of Decision. New Jersey: Princeton University Press. pp.120-44.

concept. After all, everyone is talking about the same things: diplomacy, trade, war and other forms of foreign policy.⁷

Like the three blind men and the elephant in a well-known Asian fable⁸, scholars have tended to focus on different aspects of foreign policy at the expense of the general concept. But, unlike the three blind men they may not have defined foreign policy differently, but the point is that their interest is based one aspect of the phenomenon at the expense of the whole. Korany (1983) has observed that even those studies considered as major landmarks have also neglected to specify what is to be explained. He argued that scholars generally "devote their attention to one sub-part or category of the general phenomena, [thus] the analyst does not need to ask what are the characteristics of the general phenomena of which his or her study is a particular instance (or part)."⁹ The lack of attention given to the general concept is reflected in the lack of consensus on the meaning of foreign policy and what it constitutes. Thus prompting Korany to pose the question: Does the general label "foreign policy" mean general objectives, specific behaviour (acts or decisions) or objectives and behaviour combined?¹⁰

A survey of the current literature will reveal a multitude of definitions of

⁷. Bahgat Korany. 1983. "The Take-off of Third World Studies? The Case for Foreign Policy," World Politics, vol.35, no.3. pp. 465-87

⁸. In this well-known fable, each one of the blind men touched a different part of the elephant, and described the elephant on the basis of the part he touched. Thus, the one who touched its tail, described the elephant as something similar to a rope.

⁹. ibid.

¹⁰. ibid.

'foreign policy.' Most such definitions invariably conceive foreign policy to be a purposeful and deliberate externally-oriented activity with the aim of achieving some ends outside the polity.

Modelski (1962) defines foreign policy as "the system of activities evolved by *communities* for changing the behaviour of other states and for adjusting their own activities to the international environment."¹¹ Modelski's definition is ambiguous. His use of the term 'communities' does not specify the process nor the 'communities' and units responsible for evolving or engaging in the system of activities constituting foreign policy. Other definitions have sought to spell out the specific units or participants. Thus, for Rosenau (1968):

*Foreign policy is conceived to be a course of action that duly constituted officials of a national society pursue in order to preserve or alter a situation in the international system in such a way that is consistent with a goal or goals decided upon by them or their successors.*¹²

Similarly, Hermann (1972) defines foreign policy as consisting of "those official actions of the authoritative decision-makers of a nation's government or their agents, which are intended by the decision-makers to influence the behaviour of international actors external to their own polity."¹³

From the above definition and indeed, as with most definitions of foreign

¹¹. G. Modelski. 1962. A Theory of Foreign Policy. London: Pall Mall Press.

¹². James N. Rosenau. 1968. "Comparative Foreign Policy: Fad, Fantasy or Field" International Studies Quarterly, vol.12. pp.296-329

¹³. Charles F. Hermann. 1972. "Policy Classification: a key to the comparative study of foreign policy." In J.N. Rosenau, V. Davis and M.A. East. (eds). The Analysis of International Politics, New York: Free Press.

policy, several recurring features are worthy of further comment. Firstly, and as the term 'foreign' implies, foreign policy is -- to use a very apt German term -- *aussenpolitik*, that is to say, an 'outward' policy with the aim of securing some ends or interests outside the polity itself. This definition poses certain pertinent questions. Do policies need always to be outward-oriented to be foreign policy? What about those policies which are clearly domestic, but have at the same time, external effects and implications on situations or actors outside the state? Is it possible to make a clear distinction between foreign policy and domestic policy?

It must be conceded that the distinction is often unclear so that pigeon-holing neatly what is 'foreign' from 'domestic' is not always easy. For one thing, the delineation of 'foreign' from 'domestic' policy is complicated by the linkage that sometimes existed between the two. While it may be possible in some cases to draw a clear distinction, there are also cases where delineation is difficult. Indeed, as will be seen in subsequent chapters in the case studies, the delineation of foreign from domestic policy is rendered problematic by the fact that both policies are, in most cases, closely intertwined so that they mutually influence, shape and affect each other. As such, it is often difficult to disentangle them. For example, in most developing states, and particularly with the Pacific island microstates, a development plan is as much a domestic policy as a foreign policy. For while it articulates a given state's development objectives -- a domestic matter, it also at the same time seeks to promote external support (e.g. development assistance) for domestic objectives (i.e. development object or programme) from the international community. In fact, in some

'cases, development objectives were written more to satisfy the requirements of foreign donor governments and international agencies than the national government. Thus, it is not unusual for developing states to have domestic policy objectives which, may appear domestic, but in reality are externally-oriented. The reverse can also be true, and a policy which appear to be externally-oriented may ultimately be domestic.

A second point which the above cited and other definitions of foreign policy seem to share, and in fact, one that foreign policy inherits as part of the genus 'policy,' is the notion that foreign policy is a purposeful 'goal-directed' activity. The characterization of foreign policy (and indeed, any government policy) as purposive and goal-directed is a troublesome conceptual issue that has not been sufficiently addressed, and often evaded, in most current definitions and conceptualisations of foreign policy. To say, as most definitions do, that foreign policy is directed towards a goal or a set of goals is to evoke certain critical questions that beg clarification regarding the nature of the goals and the state apparatus (i.e government and designated authorities). If the behaviour of designated authorities, duly constituted officials, or authoritative decision-makers is indeed to achieve some end, must all participants agree on the goal of the action? Are actions which are not intended to achieve some end but actually do, part of foreign policy?

Anderson (1984) has drawn attention to a common position in the methodology of the social sciences which holds that only individuals can have goals (and even these are often conflicting, changing and/or imprecise) -- collectivities such as governments

cannot.¹⁴ This position is premised on "an interpretation of goal seeking -- that it requires a controlling mind -- and a characterization of the nature of governments -- that they do not have a controlling mind."¹⁵ Since governments, as collectivities are without a controlling mind, it could be said that government cannot be engaging in a comprehensive goal directed activity through foreign policy or any other policy for that matter. However, as Anderson goes on to assert, if any sense is to be made of the conception of foreign policy as a goal-directed activity, then two types of analyses are needed.¹⁶ First, the meaning of goal-seeking which specifies the properties something must satisfy if it is to be described as goal-seeking; and second, a theory of government which implies those properties.¹⁷ In other words, the foreign policy of the state can be described as directed toward a goal only in the presence of a coherent and internally consistent account of goaldirectedness compatible with the nature of governments.

Anderson does not directly concern himself with deciding whether or not foreign policy is goal-directed. Rather his main concern is philosophical and suggestive of the way the question might be approached from an epistemological perspective. Defining goal-seeking as "a disposition to behave in particular ways

¹⁴. Paul A. Anderson. 1984. "Foreign Policy as a Goal Directed Activity." Philosophy of the Social Sciences. vol.14. pp.159-81

¹⁵. ibid. p.160

¹⁶. ibid.

¹⁷. ibid.

under certain enabling conditions and stimuli,"¹⁸ Anderson goes on to assert that if foreign policy is to be conceptualised as directed towards a goal(s), citing the goal(s) explains why the behaviour occurred. In his analysis of "goal-directedness", Anderson critically examined the accounts of two main analytical strategies, namely, Externalists and Internalists strategies. For the Externalist strategy, goal-directedness is regarded as strictly a property of the external behaviours of the system¹⁹. That is to say, the determination of goal-directedness is based exclusively on the analysis of the behaviours itself. The internal properties of the system (e.g capabilities and situation of the system) are immaterial to the explanation. On the other hand, the Internalist strategy views goal-directedness as the product of the entity (or system) which produced it. Thus, that a behaviour is directed towards a goal is attributable to the capability, situation and priorities of the system that produced it.²⁰

If Anderson found both strategies to be deficient and inadequate in their explanation of foreign policy as a goal-directed activity, his own formulation -- that is, the four necessary conditions to be satisfied if a behaviour is to be described as goal-directed²¹ -- is too complex and abstract to be applicable in real situations.

States as collectivities may not have a mind of their own, but as agglomerations of human beings, governments may be said to be endowed with a controlling mind, thus capable of engaging in goal seeking activity only if it can be proved with some

¹⁸. *ibid.*, p.161

¹⁹. *ibid.* pp.62-3

²⁰. *ibid.*

²¹. *ibid.* pp.169-170

certainty that those who comprise the apparatus of state -- government, duly constituted officials and authoritative decision-makers -- do share enough common goals, or can at least minimise the differences, not only among themselves, but also with the state itself. To determine whether such commonality exist, it is essential to scrutinise the nature of the state and the machinery through which it decides and act. Only then can one assert with some measure of confidence that foreign policy is a goal-directed activity. Or, that a particular government has a foreign policy.

Most definitions of foreign policy are state-centric. That is to say, they assume the central role of the state in foreign policy-making. In assuming the central role of the state, theorists implicitly recognise that states are not acephalous as evident in qualifications such as 'duly constituted officials of a national society' or 'authoritative decision-makers' used in the definitions of foreign policy by Rosenau and Hermann respectively (and indeed others) to specify the units of decision-making or action involved. To be sure, states are not monolithic entities devoid of humanistic qualities. They are, above all, human organizations with seemingly institutional unity and centralization of authority at the top. Seemingly unified and centralised, because as Claude aptly reminds us "we [should] constantly bear in mind the reality that governments are never fully in charge and never achieve the unity, purposefulness and discipline that theory attribute to them -- and that they sometimes claim."²² To elaborate further on Claudes' point, it must be noted that the individual participants in, and those who have access to the decision-making machinery through which the state

²². I.L. Claude, op.cit.,

acts are often divergent individuals and groups who may have different opinions, interests and motives in relation to certain issues. Graham Allison (1971) in his well-known discussion of the Cuban Missile Crisis has given a graphic explication of the plurality of the decision-making mechanism, alternative decision and action units involved and the internal political and bureaucratic bargainings inherent in any state policy, including foreign policy.²³

Notwithstanding the differences and discords in the perceptions, predispositions, preferences, interests and calculations, between the duly constituted officials themselves, or between officials and non-officials, theorists have argued that there are certain permanent issues and values that states and their functionaries (and to some extent, those outside but exerting influence directly or indirectly on the decision-making machinery) shared and uphold that these issues become national goals. Because everyone seem to agree on the importance of such issues and values as national goals, it can be argued that the goals themselves transcend narrow individual and sectional interests. Indeed, for goals to be accepted as national goals, they must be shared by different interest groups within the nation.

Holsti (1977) has identified three sets of national sets of national goals:

(a) **Core values and interests** to which all states commit their very existence and which must be preserved or extended at all times. The self-preservation of the state is a case in point here.

(b) **Middle Range goals**, which involve three prongs, namely:

²³ Graham T. Allison. 1971. Essence of Decision: Explaining the Cuban Missile Crisis. Boston: Little, Brown.

- (i) attempts by governments to meet public and private demands through international action, e.g. trade, foreign aid, access to communication, sources of supplies, markets etc;
- (ii) attempts by the state to increase its prestige in the international system. (For example, in industrialised countries, national prestige can be enhanced through a number of policies and actions, including the expansion of military capacities, distribution of foreign aid, expansion of diplomatic networks, industrial and scientific development of nuclear weapons and capacity to explore space.); and (iii) the many forms of self-extension and imperialism that are motivated by the desire to increase gains in such areas as economic (e.g. sources of raw material), strategic (creation and maintenance of spheres of influence), politics or ideology.

(c) **Long Range goals**, defined by Holsti as consisting of those plans, dreams and visions concerning the ultimate political and/or ideological organisation of the international system, and the roles of particular units within it.²⁴

An alternative classification of national goals was earlier suggested by Arnold Wolfers (1959) in which:

One can distinguish goals pertaining, respectively, to national possessions and to the shape of the environment in which the nation operates....the 'possession goals', the

²⁴. K.J. Holsti. 1977. International Politics: A Framework for Analysis. 3rd edition. Englewood Cliffs, NJ: Prentice-Hall

latter 'milieu goals'²⁵.

'Possession goals' involve the enhancement or the preservation of one or more of the things to which the state attaches value. Here, argued Wolfers, "a nation finds itself competing with others for a share in values of limited supply."²⁶ 'Milieu goals', on the other hand, are aimed at shaping conditions in the state's external environment. Although the two sets of goals in Wolfers' typology appear to be mutually exclusive, they are in practice related in that milieu goals can, in most cases, facilitate or inhibit the achievement of possession goals.

If, for the purpose of illustration, Holsti's set of national goals are perceived as hierarchially arranged (as in, for example, Maslow's Hierarchy of Human Needs) so that at the base can be found the core values and issues (which are the equivalence in Maslow's hierarchy of human beings' basic needs and goals), then it can be argued that because of the fundamental importance of the core values, it would be expected that such values would be shared universally, and that they transcend different interests within the nation. For, who is to question the wisdom of preserving and ensuring the survival of the state and its national society? Core values and interests are implicitly expressed in basic principles and articles of faith that members of a national-society often accept uncritically. In foreign policy terms, core values may constitute the rhetorics of foreign policy, which may, in most cases, be remote from, or vaguely related to, the mundane concerns of the state in its day-to-day interactions with other

²⁵. Arnold Wolfers. 1959. Discord and Collaboration: Essays on International Politics. Baltimore, Md: John Hopkins University Press.

²⁶. ibid

states and non-state actors. For example, core values and issues may involve statements of support for international peace or the right of self-determination. As such and so long as they are widely accepted by members of the national society itself as the basis of the state's existence, or are not under immediate threat, core values must be best seen as dormant goals for they rarely generate foreign policy action, apart from contributing the basis of international declarations.

The degree of dissension and discord increases as one move up the hierarchy to the 'Middle Range' and 'Long Term' goals. 'Middle Range' goals, by Holsti's definition, are diverse, and therefore, they are susceptible to different perceptions and interests. Unlike core values and interests which are more or less rhetorical, long range goals are often in the form of ambitious national objectives or visions, which take time to eventuate. Middle range goals constitute the bulk of the mundane concerns of the modern state in its day-to-day or medium to long term interaction with other states and international actors, hence the main concerns of foreign policy. 'Middle Range goals' are motivated by both public and private demands and needs, they are prone to be highly contentious as these needs and demands are often competing.

The contentious nature of a state's 'middle range goals' arose from the differences in the ways these goals are perceived within the state. In turn, the different perceptions within the state are often the result of different interests and predispositions by the state's decision-makers, which in some cases, was brought about by their alignments with different influential domestic and foreign forces. These domestic and foreign forces may take the form of local or foreign individuals (e.g

businessmen etc.) or corporations and organisations which exert influence on the decision-makers. In fact, this relationship and its implications for state policy (including foreign policy) has been, and continues to be, one of the key areas of interest in most contemporary theories of, and writings on, the state -- and moreso the states in the Third World. For most of these writings and theories, the issue of concern seems to be the question of the autonomy of the state to act independently of interests other than its own.

Despite the differences between the theories, the issues they pose about the nature of the state and its autonomy *vis-a-vis* other dominant interests including transnational forces, bring into question the notion of the "singleness of the state government", its monopoly over decision-making and its impermeability from external interests, influences and forces. Thus, the fact that the decision-making machinery of the state, and especially in a less developed state, is highly penetrable by external forces means that its monopoly over decision-making is often diluted by forces and influences whose interests may be incompatible. Perhaps more importantly in relation to our immediate concern, it is doubtful if, given such external influences and the resultant compromises and alignments of the different individuals and groups within the state, the state's action can be conceptualised as goal-directed in any rigid sense. For, whose goals are they? Are they the state's, the decisionmakers', internal interest groups' or external interests'?

These insights into the complexity of the decision-making process, the nature of the state and its links with the wider society -- domestic and international -- gives

one pause in defining foreign policy as simply or necessarily the goal-seeking behaviour of a state.

While the discussion so far questions notion of the goal-directedness of foreign policy, which is central to most current definitions of foreign policy, it is important to note that the discussion does not completely rule out the fact that governments can, and sometimes do, speak for and act for their states; or that they can proclaim and pursue national goals. Rather, the main contention is that it is not always easy to attribute the rationale and motivations of certain state actions to specific goals due as pointed out earlier, to the differences among participants in the decision-making process, the nature of the state -- in particular, its composition and its proneness to penetration by external interests. Thus, as bureaucratic organisations, it is not unusual that governments frequently do not have, or behave as if they did not have a comprehensive set of integrated goals.

Another problem relating to the definition of foreign policy as a goal directed, and one which poses an important methodological question for researchers and analysts who themselves are not part of the state bureaucracy is the issue: How does one discern the true nature of the state's goals?

Given the cult of secrecy that many state authorities practise, the task is indeed onerous. Hermann (1978) has pointed out that someone who is not an authoritative policy maker of a government faces several alternatives in attempting to discern that government's foreign policy goals.²⁷ One approach, according to Hermann, is to take at

²⁷. C.F. Hermann. 1978 op.cit., p.32

face value the professed goals and purposes offered by government spokesmen. Another strategy would be to infer a government's goals from its observed behaviour. Still another is to judge what the goals should be from the researcher's prior knowledge not only of that government's environment, but also its power base relative to other international actors, some set of basic values and so on.²⁸ These strategies, as Hermann himself conceded, are fraught with difficulties. To take on face value the professed goals and purposes offered by government spokesmen is not entirely reliable for given "the political environment in which they must operate, policy makers cannot be totally candid about their motives and their goals."²⁹ As such, the reliability of official spokesmen cannot be readily assumed or taken for granted.

In regard to Hermann's second strategy, i.e inferring a government's goals from its observed behaviour, the main problem for the analyst who is an outsider to the organisation, is the risk of perceiving the goals differently from the state's authorised policy-makers. The same problem applies to Hermann's third alternative strategy. The possibility of such differing perception of 'reality' is compounded by the fact that behaviour can be the result of several goals, thus it is often difficult to attribute a particular action to a specific goals.

From the foregoing discussion of the key concepts and notions common to most definitions of foreign policy, several conclusions -- which have important implications in so far as the unit of analysis of the present study is concerned -- can be drawn.

²⁸. ibid.

²⁹. ibid.

First, the general phenomenon 'foreign policy' appears to be an imprecise and elusive concept that does not easily lend itself to precise definition, hence from an analytical point of view, it may prove difficult both to operationalise and examine. For, if foreign policy is conceptualised as a continuous and amorphous whole embracing national objectives and goals, stated strategies, decisions (and non-decisions) in a state's external relations as well as a series of actions including trade exchanges, cultural encounters and exchange of diplomatic notes, the questions not only of what aspects are to be explained and examined, but also of what is manageable, arose.

Second, given the difficulties of coping with the concept of goals, or more precisely, the notion of goal-directedness that is central to most conceptualisations of foreign policy, as discussed earlier, it is essential that the analysis does not concern itself solely with identifying goals underlying specific state actions. Without denying that goals can be motivations to state actions, though not necessarily always, the study will look beyond goals and focus the analysis on more observable, discrete external actions of states -- namely, foreign policy behaviour.

3. FROM FOREIGN POLICY TO FOREIGN POLICY BEHAVIOUR.

The present study has chosen to conceptualise the external actions of states in terms of behaviours rather than goal-seeking policies, hence on foreign policy behaviours. Foreign policy behaviours, it is argued, are not necessarily random behaviours devoid of goal structures, purposes or intents. They are in most cases "discrete purposeful actions that result [not only] from the political level decisions of

an individual or groups,"³⁰ but also from national constraints imposed by domestic factors, the situational factors facing the state, as well as the vagaries of the wider international system of which the state is inextricably part. Moreover, they have a location in time and space, a beginning and end. As such, foreign policy behaviours are observable artifacts of political decisions which are comparable and can be operationalised. Although foreign policy behaviour is deliberate, its underlying goals and purposes are often multi-faceted, and therefore difficult to discern with precision. Thus, it will be argued that with a clear understanding of the contextual operational environments, both domestic (including the implementation process) and external, of the states concerned, it may be possible for foreign policy behaviour (though not necessarily the goals of the action) to be explained, analysed and compared.

To give structure to the undifferentiated volume of foreign policy behaviours over a wide range of areas in a state's foreign relations, analysts have grouped behaviours into issue areas. On the basis of these issue areas foreign policy behaviours are categorised, analysed, and in the case of comparative studies, compared. While scholars differ on the criteria on the basis of which they classify issue areas -- some based their classification on substantive content of the issues/behaviours, others on the motivations of the actors, -- there is a broad consensus on what the issue areas are. In two separate studies, Rosenau (1966)³¹ and Brecher et. al (1969)³², four main issue-

³⁰. *ibid.* p.34

³¹. J.N. Rosenau. 1966. *op.cit.* pp.27-92

³². Michael Brecher *et.al.* *op.cit.* pp.75-101

areas in foreign policy behaviour have been identified:

Military-Security -- comprising all issues which focus on questions pertaining to violence, including alliances and weaponry, and those which are perceived by the foreign policy elites as constituting a security threat;

Political-Diplomatic -- covering the spectrum of foreign policy interaction at each of the three levels of the external environments viz. global, subordinate and bilateral, except for those dealing with violence, material resources and cultural and status relations;

Economic-Developmental -- those issues which involve the acquisition and allocation of resources, such as trade, aid and foreign investments; and

Cultural-Status -- consisting of those foreign policy issues involving cultural, educational and scientific exchanges, including those which relate primarily to self-image, namely, the decision-makers' perception of their state's legitimate place in the global and/or subordinate system.

In the present study, the focus on foreign policy behaviour is a deliberate manoeuvre in the interest of analysis and comparability which takes into cognizance the present difficulties with the precise meaning and boundary of the concept, *foreign policy*, its ambiguous and amorphous nature and the difficulty of analysing it. The focus, therefore, could be best described as a liberating manoeuvre, designed to steer the explanation and analysis of the foreign affairs of states away from the *cul-de-sac* of conceptual problems which presently inhibit, not only the definition of foreign policy, but also its operationalisation and comparability in the present study.

Over all, the concentration on foreign policy behaviour -- the outcome of objectives, decisions, implementation processes and sometimes, accidents -- allows the present study to focus on a wide range of observable actions, decisions and statements by the state's government and its decision-makers, whose goals may or may not be easily discernible. Korany (1983) has specified these observable components of foreign policy as the "what" (i.e the definition and measurement of foreign policy behaviour), the "why" (the determinants or sources of foreign policy behaviour) and the "how" (i.e the conversion of inputs into outputs, the decision-making and implementation processes.) Any analysis of foreign policy behaviour should involve all three components.

4. CONCLUSION

This chapter has attempted to clarify, and justify, the choice of foreign policy behaviours over foreign policy as the unit to be observed and studied. Semantically, both terms mean different things, although it is very common for both terms to be used interchangeably in reference to a state's external relations and actions. Starting with a critical examination of the concept *foreign policy*, the discussions makes two main observations. First, that the general concept, *foreign policy* has not been sufficiently and precisely defined. Scholars have often tended to take the contents of foreign policy and what it constitutes for granted as self-evident, and proceed to focus on specific areas and issues without defining the general phenomenon of which the focus of their interest is part. Rather than attributing this state of affairs solely to wilful

academic neglect, it appears that the real reason seems to be the amorphous and rather fluid nature of the phenomenon which does not easily lend itself precise definition. Second, the discussion also observed that where scholars have made explicit attempts to define foreign policy, the definitions themselves have evoked certain key questions and conceptual problems which beg clear answers and elucidations. These problematic issues are not extraneous to most current definitions. They are, in fact, inherent in the term and concept foreign policy itself, as presently defined. The very mention of the term, *foreign policy*, connotes its distinctiveness from policies in the domestic arena. As the discussion in this chapter reveals, the delineation of 'foreign' from 'domestic' may, in most cases, be difficult, and the boundary between both policies is not as clear-cut as the present definitions seem to claim, and this difficulty is particularly true in the case of small states, given their dependence on external factors (including other generally larger states) for material support (e.g aid for development etc.) which made foreign policy an extension of domestic policies. Thus, it is usual in small states to find that there is no distinct foreign policy, and that such domestic policies such as a development plan for example, are externally-oriented so as to sell or attract external support for national development.

Another problematic concept inherent in most definitions of foreign policy is that of goals, or the notion of the goal-directedness, which pervade most current definitions. As discussed above, the concept of goals and the notion of goal-directedness in foreign policy have been most troublesome to cope with, let alone, prove. Thus, because of the problematic nature of *foreign policy*, the present study

has chosen to focus on foreign policy behaviours, which are deemed to be discrete, observable artifacts, and outcomes, of political decisions, statements and actions.

The focus on foreign policy behaviour is also appropriate for the class of states on which the present thesis focuses. For, if island microstates are classed, on the basis of Keohane's classification of states as 'system-ineffectual' states, then it can be argued that because of their lack of capacity -- from limited resources -- states in this category generally can do very little to influence system-wide forces which affect them. Thus, because of their inability to influence external forces and events, the behaviour of the very small states (including, island microstates) has, according to some observers, been reactive rather than active. On closer examination, reactive behaviour implies the absence of goals which are inherent in the concept, foreign policy. Thus, in the case of system-ineffectual and reactive states, which island microstates are usually perceived to be because of their extreme small size, it makes more sense to talk of their foreign policy behaviour rather than foreign policy per se, for as it is often claimed, they do not appear to have a distinct foreign policy. Limited resources and their powerlessness vis-a-vis external forces seemingly conspire against the very small states' (including island microstates) ability to pursue active foreign policy.

CHAPTER THREE

SMALLNESS AND FOREIGN POLICY BEHAVIOUR

1. *INTRODUCTION*

This chapter examines the relationship between the size of a country and its foreign policy behaviour. It reviews current academic literature on the nexus between size, in particular, smallness as an independent variable, and foreign policy behaviour, a dependent variable; and critically assessed the applicability of models of small states' foreign policy behaviour to the situation of island microstates. An attempt is also made to examine the relationship between smallness and weakness. Some of the pertinent questions to be addressed in this chapter include: Are small states by definition weak states? Can small states have power and influence over larger states? How?

This chapter, therefore, should be seen as laying the groundwork for the discussion and analysis in subsequent chapters of island microstates foreign policy behaviour. The conclusions on small states foreign policy behaviour will be tested in later chapters for their applicability in the case of a particular category of small states, the island microstates.

The chapter begins by scrutinising two criteria -- namely, new and developing -- which often overlap with smallness as common characteristics of island microstates, for their analytical value as variables in foreign policy behaviour.

2. 'DEVELOPING' AND 'NEW': ARE THEY USEFUL VARIABLES?

The criteria of newness and developing used to characterise microstates are cases common to almost all Third World countries, and smallness to most of them.¹ It is therefore not surprising that scholars and observers have sometimes tended to use the terms, *new* and *developing* interchangeably, although they are not synonymous.

The descriptions are rarely value-free, and the states so described are new, small and developing only relative to states to which the descriptions are not usually applied. Since most states so described are former colonies of European powers, but have since emerged into sovereign statehood, and given that the point of reference or comparison was often Europe or its cultural derivatives (e.g USA, Australia, New Zealand), it may not be unreasonable to assert that the labels are eurocentric. Any analysis, therefore, of the foreign policy behaviour of states categorised as new, developing or small has to do more than merely accepting the descriptions and characteristics. Rather, the whole range of extant conventional assumptions about newness, size (in particular, smallness), and lack of development and their relationship to foreign policy behaviour must be put to closer scrutiny and subjected to more rigorous questioning.

'New' is a label used by scholars and international observers to distinguish that proliferation of states made independent by the post-World War II decolonization process. Most of them are in Africa, Asia, the Caribbean, Indian and Pacific oceans. The characteristic, 'newness' implies notions about situations and patterns of behaviour which

¹. Peter Boyce. 1977. Foreign Affairs for New States : Some Questions of Credentials . New York: St. Martin's Press. p.2

are perceived to be different from those pertaining to established modern states. Newly-independent states may be 'new' by European standards, but it does not mean that their histories, cultural heritage, political traditions and institutions began with European colonialism or at independence as the label 'new' seems to suggest. All of them, in fact, have political traditions that predate European colonialism and domination, although they were not unitary states (e.g India). ²

"Newness" is often associated with doing things a different way from accepted, though essentially European, norms. The foreign policy behaviour of newly-independent states is usually portrayed as manifestly different from established European and European-derived states, both in terms of contents and concerns as well as the processes by which policies which motivate such behaviours are formulated. For example, in diplomacy, a process of dialogue among states with conventions, codes of conduct and a rationale that had its origins in the need to create an environment conducive to the orderly conduct of dialogue and relations among belligent European rulers and empires, states which emerged from colonial rule were often described not only as new, but also as different and relatively inexperienced in this European-derived system.

In contrast with older states, new states' foreign policies has been described as concerned more with nation or state building³, or as primarily a public relations exercise

². For a detailed discussion of the issues and problems of new states, which emerged from 'old societies', see C. Geertz, ed. 1963. Old Societies and New States: A Quest for Modernity in Asia and Africa, London: Collier-Macmillan Ltd.

³. See, for example, Robert C. Good, "State-Building as a Determinant of Foreign Policy in New States," in Laurence W. Martin, ed. 1962. Neutralism and Non-Alignment: The New States in World Affairs, New York: Praeger. pp.3-12.

"to improve the reputation of the nation, to make others heed its voice, to make them pay attention to it and to respect it"⁴. Also, unlike their older counterparts, new states' foreign policy behaviour has been described as determined by the decisive influence of the personal idiosyncrasies of a charismatic leader⁵. A well known scholar of international relations in Africa, for example, has asserted that foreign policy in African countries "at times has no other criterion than whim, emotion or accident," and in most cases, has little to do with the country's domestic needs and purposes.⁶ In the same vein, Henry Kissinger (1966) has remarked that the leaders of the new states frequently engage in reckless conduct and made decisions on the basis of "almost random" pressures.⁷

Most of the above Western perceptions of the foreign policy behaviour of new Afro-Asian states have tended to overplay the influence of personal idiosyncrasies of leaders at the expense of internal social, economic, cultural and political conditions, and external stimuli which motivate foreign policy behaviour.

Clarifying the place and significance of psychological factors in political decision-making, Bahgat Korany (1983) argues that individual psychological variables:

*are most useful as intervening variables, as
active synthesizers of the myriad factors*

⁴. E. Shils. 1962. "The Intellectuals in the Political Development of the New States," in John H. Kautsky, ed. Political Change in Underdeveloped Countries: Nationalism and Communism, New York: Wiley. p.211.

⁵. See for example, Werner Levi. 1968. The Challenge of World Politics in South and South East Asia. Englewood Cliffs: Prentice-Hall.

⁶. I. W. Zartman. 1966. International Relations in the New Africa. Englewood Cliffs: Prentice Hall. p.13-14.

⁷. Henry A. Kissinger. 1966. "Domestic Structure and Foreign Policy." Daedalus. (Spring). pp.513-523

*working on foreign policy. They can be compared to a chemical agent that activates and transforms the different inputs and do not negate their influence.*⁸

As well as being different from accepted European norms, the term 'new' as applied to Afro-Asian states has more to it than simply being different from the established states. The term has ideological underpinnings based on the Modernisation theory. Elaborated after World War II (when a number of colonies and territories were emerging into nationhood), the Modernisation theory, when seen in retrospect, seemed to justify the ideological hegemony of Western democracy and by extension, capitalism and the dominant economic forces of imperialism. Among other things, the Modernisation theory envisaged development, in the broadest sense including political development, as an evolutionary movement from an original state of underdevelopment to an idealized version of the United States or Western Europe.⁹

Thus, the condition of being 'new' for many presupposed an evolution towards the standard of maturity or development that already been achieved by the United States, Western Europe and the rest of the developed countries. Also implicit in the label 'new' is the notion that the progression from 'new' to the more 'developed' and 'mature' state is to be achieved if certain social, political, cultural and institutional obstacles are eliminated. In the political sense, modernisation was part of what Bernard Schaffer

⁸. Bahgat Korany, *op.cit.* p.469 (fn 18).

⁹. For a more detailed discussion of the Modernisation theory, see for example, David E. Apter. 1970. "Towards a Theory of Modernisation." In Francis A. Botchway, ed. Modernization: Economic and Political Transformation of Society. Berkeley: McCutchan Publishing Corporation.

(1965) has referred to as the process of 'preparation', through which the foundations were laid for a working Western political model (Westminster or whatever) which was transferred by instalments up to the day of Independence when the process was completed.¹⁰ In reality, the process of preparation cannot be a total success in the sense that the new system replaced what was there before it completely. Modernisation could never start on an entirely new foundation, for the process cannot eliminate prior political and cultural institutions which Modernisation theorists perceived as obstacles by reason of their incompatibility with the institutions, values and processes associated with the idealised modern or developed stage. In most cases, the modern political model for which colonial territories and peoples were prepared for was nothing more than a superimposition on already existing institutions, values and processes. The interplay of the old institutions and their associated practices and values with the modern Western political models, as well as the new circumstances and set of problems brought about by social/political and economic changes and nationhood itself, had produced responses from newly independent countries which were different from their European and older counterparts. The different set of problems facing newly independent states of the Third World (or developing states) and the states concerned's responses to them are reflected in the concerns, and objectives of, foreign policy and in the states' foreign policy behaviours. In varying degrees, the preoccupations and characteristics of new states' foreign policies and foreign policy behaviours reflect these states' relative newness to an essentially European 'game of diplomacy,' the persistence of 'old' institutions with

¹⁰. Bernard B. Schaffer. 1965. "The Concept of Preparation: Some Questions about the transfer of systems of Government." World Politics. vol.18. no.1

attendant practices and attitudes, and as far as Modernisation theorists are concerned, the formative stage of the state's advancement to the idealised more 'developed' and modern stage. If, indeed, old habits die hard, the question remains: When did a state cease to be new? What measures, if any, indicate the state's advancement along the paths of modernisation? While these questions are implicit in, and indeed expected from, a theory which envisage progression from one stage to another, Modernisation theory has disappointingly failed to specify the point at which the description 'new' ceases to apply.

Boyce (1977) has pointed out that newness is a qualitative variable that is not regularly stressed in the academic literature on foreign policies and foreign policy formulation,¹¹ which may suggest its limited analytical value as a variable in, and determinant of, foreign policy behaviour. Apart from providing the point of contrast to established European states, 'newness', on its own, is clearly of limited analytical value. Newness aside, most studies have concentrated on the other two criteria -- smallness and dependence (or dependency) -- which most analysts perceive to be more potent variables in the understanding and explanation of foreign policy behaviour.

3. SMALL STATES AND THE CONCEPTUAL DIFFICULTIES ASSOCIATED WITH SIZE

The size of a state is a problematic and elusive concept, because it is difficult to measure, let alone define. Analysts often grapple with its precise definition, which is

¹¹. Peter Boyce. *op.cit.* p.3

inhibited by its relative and multivariable nature. Size is meaningful only when used to describe one or a set of states in relation to other states, and on the basis of certain variables. Conventionally, size has been operationalised in terms of population, GNP, land area, territory, energy resources and other quantitative indicators.

As discussed in Chapter One, academic studies have not been able to bring together the various indicators of size into a composite score to enable definitive categorisation or conceptual clarity. Analysts have conceded the difficulties involved, pointing to the fact that the common indicators of size do not often correlate. For example, Hong Kong and Singapore may be 'small' in land area, but not necessarily so on other criteria, particularly population and GNP. The difficulty of conceptualising size has forced some analysts to resort either to a single variable (e.g population), or to several additive dimensions (e.g population plus underdevelopment plus geographical location)¹². The choice of what dimension to emphasise depends on the theoretical interests and concerns of the analysts. While these attempts reduce confusion and insures clarity, they remain narrow and reductionist. The result, as Rosenau (1981) pointed out, is that these narrow definitions "prohibit the cumulation of generalized knowledge" of the so-called 'small states'¹³, and the understanding of the relationship between size and state behaviour.

Some analysts tried to go beyond objective indicators by adopting subjective psycho-material definitions which take into account the national 'state of mind' *vis-a-vis*

¹². James N. Rosenau. 1981. The Study of Political Adaptation, London: Frances Pinter (Publishers) Ltd. p.105

¹³. ibid.

other systemic actors and factors. For example, Keohane (1969) defines a small state as "a state whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system."¹⁴ He goes on to categorise small states as 'system-ineffectual' whose foreign policy is an adjustment to reality, not a rearrangement of it.¹⁵ Similarly, Rothstein (1968) defines 'small state' as "a state which recognises that it cannot obtain security primarily by the use of its own capabilities, and that it must rely fundamentally on the aid of other states, institutions, processes or developments to do so."¹⁶ These definitions try to capture the relativity and subjective nature of size, at the expense of its objective elements, and may be even more difficult to operationalise than the latter. Invariably, such definitions make smallness synonymous with weakness to the extent that it is often difficult to disentangle one from the other.¹⁷

Despite the problematic and elusive nature of size, some observers continue to be preoccupied with it, in some cases almost to the point of obsession. Sometimes, such preoccupation with the effect of size may lack in real substance except to emphasise a situation and/or behaviours that contrast or deviate substantially from the accepted norm. Size as an independent and/or intervening variable in foreign policy behaviour may have been over-emphasised, for it is very rare to find a scholarly work that has successfully traced, in definitive terms, the causal relationship between smallness and state

¹⁴. Robert O. Keohane. *op cit.* p296.

¹⁵. *ibid.*

¹⁶. Robert L. Rothstein. 1968. Alliances and Small Powers. New York: Columbia University Press. p.29.

¹⁷. See for example, Robert L. Rothstein. 1977. The Weak in the World of the Strong, New York: Columbia University Press.

characteristics and behaviour. What we have in the literature are generalised assertions and approximations. Thus, the preoccupation of most writings on smallness with 'the characteristics of small states' rather than 'the consequences of smallness' should be seen to mean more than simply a matter of style. It implies serious cause/effect lacunae.

Additionally, the recognition by some scholars that the situations of small states individually or in some cases, collectively, constitute a paradox¹⁸ could, to some extent, be taken as an expression of the inadequacy of the conventional assumptions on the effects of size as a determinant of state characteristics and behaviour.

If, as suggested from the foregoing discussion that size is a relative and problematic concept, then all assumptions based on, or deriving from it, must be treated as *ab initio* questionable. What this means is that the assumptions based on size should be scrutinised more stringently.

4. SMALL STATES AS WEAK STATES

The synonymity of smallness with weakness is apparent, if not central, in the main theories of International Politics, and in particular, the influential Realist school of thought. Realists typically rationalise foreign policy behaviour in terms of enhancing and protecting the state's national interests. Perceiving power as the ability to project one's interests on to others, and identifying it as the core of national interests, Realists then proceed to conceptualise international politics as essentially a struggle for power among

¹⁸. Rosenau. 1981. *op.cit.* pp.103-4. For Rosenau, the fact that small states survive despite the common argument that "in the long sweep of time small states are likely to be conquered or otherwise absorbed by larger ones" is a genuine puzzle, or a "small state paradox."

states. Hence, the classic statement of the Realist state behaviour provided by Hans J. Morgenthau (1967), a foremost exponent of this school, in his widely-cited book, *Politics Among Nations* :

*International Politics, like all politics, is a struggle for power. Whatever the ultimate aims of international politics, power is always the immediate aim.... Statesmen think and act in terms of interests defined as power."*¹⁹

Morgenthau's views of why states behave as they do (which continue to influence a number of recent theories of state behaviour) is based on his notion of human nature on the one hand, and the structural determinance of the international system on the other hand. Taking a rather Hobbesian view of human nature as egoistic, hedonistic and self-interested, Morgenthau claims that when faced with anarchy of the international system, states will behave in such a way as to keep, increase and demonstrate power. Thus, foreign policy behaviour as the pursuit of national interests -- which in Realist thinking is defined exclusively in terms of power -- is conceived to be of three main types : status quo, imperialistic and prestige. All of these are manifestations of different forms of power.

On the basis of the Realist's conceptualisation of international politics, small states to have the odds stacked against them in pursuing and protecting their interests on the international stage. For, being deficient in the key indicators of raw power which include among other things, size and material resources, small states will naturally tend to rank so low on the power hierarchy that they may be conceptualised as not having the capacity

¹⁹. H.J. Morgenthau. 1967. Politics Among Nations. New York: Knopf.

for purposeful and self-contained foreign policies.

Indeed, De Raeymaecker et. al (1974) has asserted that small states do not seem to have a foreign policy capacity because they "lack the capacity to act offensively and to exert a decisive influence on other nations."²⁰

Morgenthau and the Realists' position, and in particular their concept of power as the key component of national interests and therefore a determinant of foreign policy behaviour has been widely criticised. Brecher et. al (1969) has pointed out that:

As a theory of state behaviour...its metaphysical realism contains grave shortcomings. It lacks an adequate discussion of ends: a universal 'national interests' is assumed without reference to reality and changing environmental conditions. It also ignores the relational quality of power as capability; indeed, it does not differentiate power as objective from power as a means.²¹

In another critique of traditional power theories' (including Realism) assumptions about the relationship between size, power and behaviour, Papadakis and Starr (1987) have accurately pointed out that these traditional theories lack the ability to explain :

(1) that power can emerge from factors other than material resources and that 'non-power' activity is possible; (2) that the size of states makes a qualitative difference in the nature of states beyond raw power capabilities; and (3) that power and influence can be exercised

²⁰. Omer De Raeymaecker. et.al. 1974. Small Powers in Alliance. Louvain, Belgium: Leuven University Press.

²¹. Michael Brecher, B. Steinberg, and J. Stein. op. cit. p.86

*'selectively' and at less than system level."*²²

At the opposite side of the Realist position on power is Arnold Wolfers' (1962) concept of the 'power of the weak' through which, he claimed, "a score of very shaky new [small states] have gained advantages from the world's superpowers."²³ Although at first glance the concept may appear to be a contradiction in terms, it is, as other observers have recently noted, not without theoretical and practical significance. Wolfers points to the experience of Cuba and Albania, but more recent observers have applied his concept to explain the influence of small states like South Korea, Taiwan and South Vietnam over a superpower's (i.e USA) foreign policy.²⁴ These states are not small from the perspectives of microstates, but relative to the US, they are.

Barston (1972) has identified six kinds of circumstances and 'systemic' conditions in which a small state can have influence over bigger states. In most of these circumstances, the small state may have influence quite disproportionate to its size :

First, a state may be economically weak, have low military strength and be politically unstable; but its weakness can be a source of bargaining power if a great power perceives the territory of the small state to be of strategic importance and is prepared to commit conventional military forces [or other resources] to its assistance. Second, the bargaining power of small states involved a military conflict will be increased if there is a

²². Maria Papadakis and Harvey Starr. 1987. "Opportunity, Willingness and Small States: The Relationship Between Environment and Foreign Policy." In C.F. Hermann. *et.al.* New Directions in the Study of Foreign Policy. Winchester, Mass: Unwin Hyman Inc. p.420

²³. Arnold Wolfers. op cit. p.111

²⁴. ibid.

*clear and overt commitment by both great powers to opposite sides. Third, a coalition of small states which is weakly organized, with disputed leadership and whose members have differing political systems and ideologies, will have a degree of stress within it over the formulation and implementation of common objectives, when involved in a military conflict. Fourth, a small state can sometimes act with impunity against a great power. The response of the great power will be determined primarily by the type of threat, the degree of its active involvement elsewhere, and concern lest any retaliatory action might adversely affects its relations with other states in the region. Fifth, small states can use international organization to mobilize support for their policies by widening the arena of debate and criticism. Sixth, a small state will be able to resist collective non-military sanctions if it receives support from border states and if the collective sanctions are not universally or equally applied by members of the international organization."*²⁵

Although Barston's subsequent empirical illustration (and indeed, Wolfers' case countries) do not include microstates, the principle can be stretched to account for their 'amazing' situation, the most important of which is their ability to survive in the 'world of the strong.' Barston seems to perceive microstates as having dubious claims to the notion of the 'power of the weak'. This perception is implicit in his comments that this category of states (i.e microstates) face maximum internal/external restraints, and that their foreign policy behaviour is of a limited kind. Moreover, as he goes on to argue, they do not pursue a foreign policy in any meaningful sense; their external relations are of an

²⁵. Ronald P. Barston. ed. 1973. The Other Powers.: Studies in the Foreign Policies of Small States. London: George Allen & Unwin Ltd. pp.22-23

'administrative nature'²⁶, meaning that the microstates' external relations are largely reactive and involved more with the management existing relations rather than taking important initiatives to which other states react.

It seems surprising that Barston excludes them when his explication of possible scenarios where the 'power of the weak' may apply has nothing to do with extreme small size but rather with external perceptions and calculations by outside powers of what interests are at stake or could be enhanced.

Arguably, it is possible to stretch the notion of the 'power of the weak' to the smallest of the small states (including microstates), but this would require, among other things, taking into cognizance the type of international system/subsystem they operate in. For these external environments largely determines the rooms for manoeuvre of small states, including the very small states. It would also require a redefinition of 'power' taking into cognizance the reality of contemporary international politics in which coercive (and military) power as *modus operandi* of foreign policy behaviour, except in very rare cases, is not only fungible but obsolete. Indeed, the present international system has rendered 'power' an ambiguous concept with widely distributed and varied bases; and consequently, the fine line between power, influence or the ability to manipulate others is becoming increasingly less clear.

Without denying completely the persistence and necessity of the 'high politics' of military and strategic considerations, and the potential use of military power if the powerful state deemed it 'warranted', it seems now plausible to argue that it is the 'low

²⁶. ibid. p.22

politics' of economic security which presently characterise more than ever, world politics and relations among states. The salience of economic factors in contemporary international relations and politics is evident in small states' definition of security in essentially economic rather than politico-military terms. This definition of security reflects the preoccupation of states, even the smallest, with economic security as the key component of their survival rather than the threat of aggression from more powerful states.

Indeed, the International system has undergone dramatic changes so that the overt use of military power and force are no longer used in pursuit of foreign policy goals, except in some rare exceptional cases. What this means is that while the large powerful states can still use force and military power to achieve their foreign policy goals, the odium and potential negative repercussions from the international community has become a deterrent. Increasingly, the international system has been characterised by the growth of a complex system of interdependence, albeit asymmetrical, in which states irrespective of their size seem to collectively accept the presence of multiple global common goals. The existence and/or perception of these collective global goals has dictated changes in the foreign policy priorities of states as well as their means of influencing world politics. Thus, cooperative international behaviour has become the norm. This is evident in a wide range of issue regimes and the various forms and gradations of economic and political cooperation, in which states actually seem to pool their powers.

It is against this backdrop of a system of complex interdependence that the concept of power in international politics attains a new meaning and expression that departs

substantially from the Realist notion of power as a national attribute closely associated with military might. Thus, for the larger states, power finds its new meaning and expression from the asymmetrical and unequal nature of interdependent relationships. As Keohane and Nye (1973) suggest:

*a parsimonious way to conceptualize diverse sources of power -- and therefore to explain distribution of power resources among actors in world politics -- is to regard power as deriving from **patterns of asymmetrical interdependence between actors in the issue-areas in which they are involved with one another.***²⁷

It is, thus a larger or developed state's 'comparative advantage' in this asymmetrical and unequal relationship that -- to use Dahl's (1957) classic definition of power -- enables it "to get B to do something B would not otherwise do"²⁸, rather than its sheer military might and capacity to coerce. This 'comparative advantage' (or competitive edge) derive largely from economic factors, although a variety of non-economic factors can also give a state -- large or small, developed or developing -- some degree of comparative advantage. Thus, to have comparative advantage in an asymmetrical relationship of interdependence can give a state relative power.

Rothstein (1977) has identified another form of relative power which can be exercised by states in the context of complex international interdependence wherein the cooperation and collaboration of actors is necessary for the fulfilment of collective goals.

²⁷. R. O. Keohane and J.S. Nye. 1973. "World Politics and the International Economic System" in C. Fred Bergsten. ed., The Future of the International Economic System. Lexington, Mass: Lexington Books. pp.122-23.

²⁸. Robert A. Dahl. 1957. "The Concept of Power." Behavioural Science. vol.2. p.214

It is in this particular context that small states, which hitherto have been defined and perceived as powerless, can now be perceived to be capable of possessing power.

Rothstein refers to that power as "disruptive potential." As he points out:

*The [small] underdeveloped countries may not have the power to achieve many of their external goals, but in a number of important cases they may have the power of preventing any other group of states from achieving theirs...where only cooperative and voluntary agreements are useful...*²⁹

Disruptive potential does not indicate confrontation in the same way as the classic conception of power. Nor does it derive from the powerful states' perceptions of interests at stake and costs vis-a-vis a particular state or set of small states as in most of Barston's scenarios of the 'power of the weak' does. Rather, it is a frustrative tactic or simply a refusal to cooperate when and where cooperation and collaboration is required. As such, it is a subtle application of negative influence which owes its applicability to the current international order where cooperation seems to be the prevailing norm. All states irrespective of size can exercise disruptive power selectively and at less than systemic level.

But, the case should not be overstated. For in practice, the opportunities for small states to apply disruptive power arise only sporadically, and often as a result of initiatives taken by the larger states, which also possess more effective means in their repertoire of power and influence to preempt the opportunity, or even to neutralise it. And small states

²⁹ R.L. Rothstein. 1977. The Weak in the World of the Strong. New York: Columbia University Press. p.25

which use disruptive power against larger ones face the prospect of the greater negative power of larger states being used against them. The mouse can only roar so loud and so often before diminishing returns set in.

While small states are not totally helpless and can, in particular circumstances, exercise relative power, it is a fact that they will continue to be disadvantaged in terms of their capacity to exert influence over other states and international actors. This disadvantage stems largely from the asymmetry of their relationship with other states rather than their small size and deficiencies in certain measures of raw power, although in most cases these often correlate.

5. SMALLNESS AND FOREIGN POLICY BEHAVIOUR

Most, if not all, studies of small states seem to agree that the foreign policy behaviour of this category of states is fundamentally different from their larger counterparts in terms of both the contents and the processes by which such policies and behaviours are determined. Indeed, size is an important dimension of national attributes to which many analysts have given central importance in their analysis of foreign policy behaviour. The distinction of states into small or large is in itself an indication of the pervasiveness of size as an important variable not only in the categorization of states, but also in explaining their behaviour.

The empirical studies of the relationship between the size of a state (however defined) and its foreign policy behaviour began with Rosenau's (1966) seminal work,

"*Pre-theories and Theories of Foreign Policy*,"³⁰ in which he identified size as one of the three 'genotypic' variables assumed to exert a major influence on foreign policy behaviour. The other two were economic development and political accountability. Following Rosenau, a number of empirical studies have been concerned with testing the relationship by positing, on the one hand, size, economic development and political accountability as independent variables and, on the other hand, foreign policy behaviour as a dependent variable.³¹

Though not the sole factor, size is seen by many scholars to be the most potent variable. Reid (1974), for example, has argued that:

*while many of the other factors underlying a state's external behaviour can undergo a significant degree of change, size, in terms of the relative endowment of resources of state, is a more or less permanent feature. Indeed, the size of a state can limit the magnitude of possible change of other variables such as political, social and economic development.*³²

Reid's position, is based on what he assumed to a correlation between a state's small size and its limited natural, human and financial resources. Hence, the small state's capacity to act and its readiness to avail itself of particular opportunities in the international system are severely circumscribed. For many analysts, however, a small

³⁰. James N. Rosenau. 1966. "Pre-theories and Theories of Foreign Policy." In R. Barry Farrell, ed. Approaches to Comparative and International Politics. Evanston, Ill: Northwestern University Press. pp.27-92

³¹. See for example, Steven A.Salmore et.al. 1969. "The Effect of Size, Development and Accountability on Foreign Policy." Peace Research Society Papers. vol.14 pp.16-30; and George L. Reid. 1974. op cit.

³². G.L. Reid, op.cit. p.13

state's limited capacity to act has been equated with its weakness and powerlessness so that a small state is by definition weak state.³³

The relationship between the size of a state and its international behaviour is based on the assumption that the size of a state reflects the total resources at its disposal in the pursuit of its objectives, both domestic and external. Thus, the smaller the state the more restricted its resource base, hence the range of activities it can pursue. The term resources is used here in the broadest sense to mean natural, human and financial resources. Reid has pointed out that many small states are also small in land area. He argued that since natural resources tend to be randomly distributed over the surface of the globe, small land area was reflected in limited natural resources.³⁴ Reid's claim of the correlation of small land area with limited natural resources is no longer true now, particularly with the adoption of the United Nations Convention on the Law of the Sea in early 1982. Under this Convention, some small states are enable to widen their natural resource base by claiming 200-miles Exclusive Economic Zones, thus supplementing the deficiency and limited range of land-based resources. The adoption of the Law of the Sea Convention has essentially transformed such small entities from 'microstates' into 'macro-ocean

³³. 'Small states' and 'weak states' are often regarded as more or less identical. Neils Armstrup (1976 "The Perennial Problem of Small States" Cooperation and Conflict. XI. pp163-182) points out that while it seems analytically necessary to separate the concept of weak states from that of a small state, such separation is by no means easy to establish. Singer, M. (1972. Weak States in the World of Power. New York: Free Press) has great difficulties using the term 'weak states'. For him, a weak state implicitly is more or less equal to an underdeveloped or a small country.

³⁴. Reid. op.cit. p.13

nations³⁵, and it applies to Pacific Islands states more than any other region of the world.

East (1978) has argued that "it is not sufficient for the nation merely to possess resources; it must have the capacity to extract, develop, manufacture and deliver these resources."³⁶ Small states, and in particular microstates, have limited capacity to convert and realise resources they have due to low levels of economic development, limited capital, low levels of technology and organisational capacity, small populations and limited range of skills, but these internal deficiencies also give a small state more reasons to deal with external actors (i.e states and non-states entities) in order to benefit from the resources. For example, because of their limited capacity to convert and realise the resources from the vast maritime areas, Pacific island microstates have been negotiating licensing arrangements with larger states through which they extract some benefits from their resources. As pointed out in Chapter 1 and in the subsequent case studies, the negotiation of these agreements have been a significant part of foreign policy behaviour.

Baehr (1975) asserts that the size of a state, however defined, has both domestic and international ramifications:

"From an international point of view, the size of states poses the closely related problems of viability and stability. How small may a state be and yet survive? Is the stability of the international system endangered, or further endangered, by the continual creation of

³⁵ See, Biliiana Cicin and Robert Knetcht. 1989. The Emergence of a Regional Ocean Regime in the South Pacific. Honolulu: Environmental and Policy Institute, East-West Center. (Working paper No. 14); and A.D. Bissonette. 1992. The Elusive Quest for Small States in International Relations: Security and the Pacific Island Nation-States. Honolulu: University of Hawaii (unpublished MA dissertation).

³⁶ M.A. East. 1978. "National Attributes and Foreign Policy." In M.A. East, S.A. Salmore and C.F. Hermann, ed. Why Nations Act: Theoretical Perspectives for Comparative Foreign Policy Studies. Beverley Hills, Calif: Sage Publications. p.132

*small, independent units?*³⁷

The issues of viability and stability were pervasive concerns at the time when small states started to proliferate as the process of decolonisation proceeded in earnest. That the proliferation of small states would endanger the international system echoes the concern for the preservation of the balance of power in the international system, and the fear that small states, whose international behaviour has been described incorrectly by Annette Fox (1959)³⁸ as 'anti-balance of power', might jeopardise it. The other concern, i.e viability, is seen by many scholars as no longer valid. Selwyn (1987) argues that any unit which could maintain its separate existence was *ipso facto* viable.³⁹ He observes that small states have existed, therefore they must be able to exist. To the extent that their survival, persistence and selective influence challenge the assumptions of traditional power theories, small states (and in particular, microstates) thus become what Rosenau (1981) referred to as a 'genuine puzzle'.⁴⁰ But, there should be no mystery to the continuing existence of the small states as, given the nature of the contemporary international system in which a number of international conventions, practices and developments have all contributed to the continued existence of small states as legal and genuinely independent entities is assured. Thus, the main issue is not so much the

³⁷. Quoted in John J. Stremlau. 1980. "The Foreign Policies of Developing Countries in the 1980s." In J.J. Stremlau, ed., The Foreign Policy Priorities of Small States. Boulder, Colo: Westview Press.

³⁸. Annette Baker Fox. 1959. The Power of Small States. Chicago: University of Chicago Press. p.187

³⁹. P. Selwyn, ed. 1975. Development Policy in Small Countries. London: Croom Helm. p. xi

⁴⁰. James N. Rosenau. 1981. The Study of Political Adaptation. New York: Nichols.

question of existence and survival, but rather the quality of survival.⁴¹

On the basis of a wide range of literature dealing with small states and the effects of smallness on foreign policy behaviour, Maurice East (1973) has abstracted what he referred to as a 'conventional model' of small states' foreign policy behaviour. The model characterises the foreign policy behaviour patterns of small states as involving :

- Low levels of overall participation in world affairs;
- High levels of activity in inter-governmental organisations;
- High levels of respect for international legal norms;
- Avoidance of the use of force as a technique of statecraft;
- Avoidance of behaviour that will tend to alienate the more powerful states in the international system;
- A narrow functional and geographical range of concerns in foreign policy activities; and
- A frequent use of moral and normative positions on international issues.⁴²

Looking closely at the above model, it is important to note that small states' behaviour can be categorised, on the basis of their underlying causal factors, into two types: those which results from the factor of limited resources and those motivated by perceptions of some sense of powerlessness and inequality.

The limitations of resources -- natural, human and financial --- are reflected in

⁴¹. ibid.

⁴². M.A. East. 1973. "Size and Foreign Policy Behaviour : A Test of Two Models." World Politics vol.25 no.4 pp556-576.

small states low levels of overall participation in world affairs, high levels of activity in inter-governmental organizations and the narrow functional and geographical range of concerns in foreign policy activities. Limited resources are also reflected in the small size and scope of the organisations responsible for foreign affairs (i.e. Foreign Offices). Thus, with fewer resources with which to engage in, or conduct foreign relations, small states' foreign relations will tend to be restricted to what R.P.Barston (1988) refers to as 'associative diplomacy' in which the emphasis is placed on multilateral diplomacy, international conferences, regional organizations and multiple diplomatic representation.⁴³

All these modes of external relations are deemed as more economical and cost-efficient means of interaction with other states than extensive bilateral diplomacy. In the case of multilateral diplomacy, small states tend to exercise selectivity about what international organizations to join. Generally, the preference seems to specialised agencies of the United Nations and the functional institutions, in which for a small membership fee gives small states access to much larger benefits. Invariably, the choice reflects both limited resources and cost-benefits considerations. As far as bilateral diplomacy is concerned, those small states which can afford overseas representations generally restrict it to places where their major external interests lie, for example, immediate region, sources of economic assistance and imports, and export markets.⁴⁴ For the very small states still, the

⁴³. R.P. Barston. 1988. Modern Diplomacy, Essex: Longmans. p108. For a study of 'associative diplomacy' in small states similar to the Pacific island microstates, see R. Sanders. 1989. "The Relevance and Function of Diplomacy in International Politics for Small Caribbean States" The Round Table No. 312. pp.413-424.

⁴⁴. Although it could be argued that this pattern of bilateral relations is applicable to all states, the important distinctions as far as the microstates are concerned are: (i) that the number of countries in which they have missions are few, and (ii) in most cases, their interests in these are largely economic rather than politics.

tendency is for the establishment of one or two overseas missions -- usually in countries where they have major economic interests as a source of aid, imports, or export, employment and tourist market -- together with such cost-effective diplomatic options as a roving ambassador accredited to several countries and a network of honorary consulates.

In terms of the issues with which they are most likely to be concerned, small states generally focus on economic issues, and on other issues (including, political) which impinge directly on them individually or as members of a group of small states, or on their immediate geographical region. As East (1973) noted:

*...because of the internal demands on political decision-making (a situation even more acute in small states because of their total small resource base), certain traditional issues in international politics [such as the global prestige and influence, acquiring and maintaining alliances and spheres of influence and territorial expansion] are generally of little interest to the smaller states. On the other hand, those international issues which are directed to their economic growth and development will be most salient....*⁴⁵

In most cases certain traditional concerns of foreign policy (e.g prestige and influence) are put aside by decision-makers in small states because of the realism about their limited capacities and resources with which to pursue and influence such concerns.

Limited human and material resources also affects the way small states respond to international events and developments. East (1973) has asserted that because of their small capacity -- as reflected in the ill-equipment, fewer personnel and limited scope of

⁴⁵. East. op. cit.

the organization responsible for foreign affairs and areas of external relations, e.g. trade, aid negotiation and communications -- smaller states are prone to be slower in perceiving events in the international system as they occur and develop.⁴⁶ The quality and sources of information on the basis of which small states formulate their stand and respond to international situations are equally as important. Again, both factors imply the constraints of limited resources. Mugomba (1979) has pointed out that small states often lack an intelligence-gathering agency or an adequately staffed unit in foreign affairs, trade, economic development and communications ministries. This deficiency means that important foreign policy decisions or decisions to do external economic and other issues are often made with the minimum of background information.⁴⁷ Consequently, small states may sometimes perceive their environments or the issues in their external environments incorrectly. As to the sources of information, Ince (1977) has asserted that the small states are not only slower or ill-equipped at perceiving and reacting to world events, but that their information and knowledge of these events is often coloured by the perceptions and interpretations of the media and governments in the larger states.⁴⁸ Thus, "cannot help but be influenced by an interpretation of [extra-regional] events that emanates from the [capitals of the larger states]."⁴⁹ This dependence on external interpretation of international events has largely been the basis of the common description of small states as reactor states in international relations.

⁴⁶. ibid.

⁴⁷. Quoted in J.M. Mitchell. 1986. International Cultural Relations. London: Allen and Unwin.

⁴⁸. B.A. Ince. op.cit. p.46

⁴⁹. ibid.

The second underlying feature of the conventional model which applies to three of the characteristics in East's model of small states' foreign policy behaviour is small states' perceptions of a sense of powerlessness and inequality *vis-a-vis* the larger states. This perception is reflected in their high levels of support for international legal norms, which in effect, grant them the same recognition as the larger states and, at the same time, provide them with the support necessary for their continuing survival. Specifically, the perception of a sense of relative powerlessness *vis-a-vis* large states is manifest in the tendency of small states to avoid the use of force and behaviour that will alienate the more powerful states in the system, because as Vital (1967) pointed out, the small states are dependent upon and threatened by the larger powers.⁵⁰ The reluctance of small states to alienate and challenge larger states has led some observers to assert that small states generally lack the political will to act offensively and exert their influence on other states.⁵¹

East (1973), in what at first glance seems to be a major departure from the conventional model of small state international behaviour vis-a-vis larger and more powerful states, has argued that because of their slowness in perceiving events in the international system as they occur and develop, small states which normally respond at the later stages of the event, will tend to exhibit more conflict behaviour. This is largely because of the perceived necessity to take high risks and often hostile action if they are

⁵⁰. Quoted in Papadakis and Starr, *op.cit.* p.410

⁵¹. For example, De Raeymaker, et.al. *op.cit.* p.18

to influence the direction of the situation.⁵² By his own empirical evidence, East admitted that the 'conflict behaviours' of small states in his alternative model are largely verbal, therefore, could be dismissed by larger states as symbolic. Although, such verbal posturing could, at times alienate some powerful states in the system, does not drastically change the conventional characteristic of small states as powerless relative to the larger states in the international system.

While most writings on small states foreign policy behaviour point to the strong connection between size, in particular, smallness and foreign policy behaviour, it is important to note that the causal relationship between smallness and foreign policy behaviour may be far from direct and clear-cut. Sutton (1987) in his survey of the political consequences of size, domestic and international, has concluded that although the factor of size offers some insight, it yields very little in the way of explanation:

*In terms of domestic politics, size is perhaps best seen as a syndrome of interrelated characteristics or as a qualifying feature to tendencies already inherent, rather than as the cause of such features in the first place.*⁵³

In respect of international politics and foreign policy behaviour, Sutton points out that a similar reasoning applies,

with the added proviso that though the behaviour of small states appear distinctive in some respects, in others it is not that different from the behaviour of larger states. Equally, while all states have many interests in

⁵². East. op.cit p.163

⁵³. P. Sutton. et.al. ed. 1987. Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean. Manchester: Manchester University Press. p.23

common, it could be argued that these are the interests of all states."⁵⁴

Sutton's point may represent the minority view in the literature, but it raises an important issue, and that is, the nexus between size and foreign policy behaviour may in some cases be difficult to prove.

6. CONCLUSION

If the present review of the literature on the foreign policy behaviour of small states has portrayed small states as a disadvantaged class of states with 'low key' foreign policy behaviour resulting from their smallness, then it is important to note that the review has not been biased against small states, but has attempted to reflect the state of conventional wisdom and academic theorising on the foreign policy behaviour of small states. The conclusion one could draw from the majority of writings on the relationship between small size and foreign policy behaviour presented in this chapter is that there is a definite connection, as most observers and scholars have laboured to show. If as most studies have done, size is defined in terms of population, land area, territory and GNP, and given the implications of these quantitative measures for the resources of the state and hence its capacity, then it follows that small states have few human and material resources with which to act and project themselves externally in the international system, hence low levels of participation in world affairs. Restricted capacity to act, which results from smallness and limited human, material and other resources can also engender

⁵⁴. *ibid.*

a perception of relative powerlessness vis-a-vis larger states, which predispose small states to play subordinate, inactive and restricted roles in international affairs. While the relationship between small size and foreign policy behaviour cannot be denied, the task in the present thesis is to spell out the effect of that factor (i.e size) in a specific category of small states, the island microstates. On the basis of the conclusions of most writings on the foreign policy behaviour of small states as reviewed in this chapter, island microstates -- being the smallest of the small states -- are expected to exhibit the most restricted foreign policy behaviour.

CHAPTER FOUR

DEPENDENCE AND FOREIGN POLICY BEHAVIOUR

1. INTRODUCTION

Additional to smallness, which was discussed in the previous chapter, another popular descriptive or empirical concept in characterising small states (including island microstates) which has been emphasised by scholars as having a decisive effect on foreign policy behaviour, is dependence. This chapter examines the relationship between various forms of dependence, and in particular economic dependence, and foreign policy behaviour. An attempt will also be made to examine the connection between small size and dependence.

Like other concepts so far encountered in this study, 'dependence' has been subjected to much scholarly debates as to what it means. Many scholars, as Baldwin (1980) points out, complain about the lack of conceptual clarity, and some even deny that there is any generally accepted definition of the term, let alone agreement as to where it applies.¹

2. DEPENDENCE DEFINED

¹. David A. Baldwin. 1980. "Interdependence and Power: A Conceptual Analysis." International Organization vol.34,no.4. pp.471-472. For works which complain of the lack of conceptual clarity, see for example, James A. Caporaso. 1978. "Dependence, Dependency, and Power in the Global System" International Organization vol.32 no.3; and Hayward R. Alker et. al. 1974. Analytical Perspectives and Policy Implications. Cambridge, Mass: Center for International Studies. M.I.T. p.2.

In his quest for conceptual clarity, Raymond Duvall (1978) has found it necessary to go back to the early usages of the term 'dependence.' Tracing the ancestry of the term to two sources -- "the Latin word, *dependere*, (and/or the Old French, *dependre*), which means to hang or be suspended from; and the Latin suffix *entia* which denoted action, process, state, or quality"², Duvall goes on to explain that:

*Etymologically,...dependence means a state of hanging from. But historically two distinct senses of 'the state of hanging from' have developed in conventional usage. At least as early as the Sixteenth Century it was used to refer to a state of contingent or conditional relationship....By the Seventeenth Century dependence was used in a second more particular sense to refer to a state of subordinate or subject relationship. Here, to hang from something means to derive support and/or the basis of existence from that something."*³

In its present day usage, Duvall identified two different meanings in ordinary language. On the one hand, 'dependence' "is used in a causal sense to refer to situations in which an effect is contingent on or conditioned by something else...On the other hand, it is also used to refer to a relationship of subordination in which one thing is supported by something else or must rely on something else for fulfilment of a need."⁴ The first meaning implies contingency, and it is in accordance with this usage that Keohane and Nye (1977) define dependence as "a state of being determined or significantly affected by external forces."⁵ The second meaning "implies need fulfilment that would be costly

². *ibid.* p.61

³. *ibid.*

⁴. Baldwin. *op.cit* p.475.

⁵. Robert O. Keohane and Joseph S. Nye (1977) Power and Interdependence: World Politics in Transition Boston: Little, Brown. p.8

to forego."⁶ Caporaso (1978) referred to this meaning as "the familiar, common sense" usage of the term.⁷

Scholarly usage of the term oscillates between the two meanings. The variation tends to follow two main scholarly traditions in the explanation and analysis of developing countries' (or Third World) countries' international relations, namely the conventional International Relations theorists (which include Realists and non-Marxist theorists) and the Dependencia theorists (or dependistas, as they are known in the literature). On the one hand, conventional theorists conceptualise 'dependence' in terms of external reliance. On the other hand, dependistas see 'dependence' in terms of contingency, and as a conditioning relation. Dependistas also tended to see 'dependence' more negatively as specifically subject to overarching control and determination by a larger power or powers.

Common to these different traditions is the notion that 'dependence' refers to "the asymmetric properties of the structure of relationships between social entities."⁸ In other words, 'dependence' refers to the situation of inequality in the relationship between individuals, social groupings or, in the context of international relations, relational inequalities between actors. Beyond this common ground, the traditions diverge in their explications of the nature and structure of the phenomenon, its origins, measurement and implications for state policy-making including foreign policy behaviour. Scholars in both

⁶. Baldwin. *op.cit* p.476

⁷. James A. Caporaso. 1978. "Dependence, Dependency, and Power in the Global System: A Structural and Behavioural Analysis." *International Organization* vol.32 no.1 (Winter) pp.18-19

⁸. *ibid* p.55

traditions, and particularly the Dependencia theorists, often claim that their traditions are incompatible as they represent distinct paradigms with different methodologies. It will be worthwhile at this stage to understand the fundamental differences in the explication of dependence between these two influential scholarly traditions, before an attempt is made to examine its influence on foreign policy behaviour.

Conventional International Relations theorists generally conceptualised 'dependence' in terms of external reliance on others for the fulfilment of certain needs.⁹ This conceptualisation implies an asymmetrical relationship between two or more countries where one country relies significantly more on the other or others than vice versa. Thus, dependence is sometimes defined in terms of a highly asymmetrical interdependence¹⁰, asymmetrical vulnerability¹¹ and asymmetrical sensitivity¹². In these variant definitions and emphases, there is implicitly a suggestion of the unequal importance or weight of the relationship, where one party is prone to be more reliant on, or affected by, the relationship than the other party or parties. In terms of the ease of breaking the relationship, the dependent party will usually think twice about altering the relationship. Only after a careful consideration of the opportunity costs will the dependent party be prepared to alter the relationship. And when the change occurs, it is usually because there is a better alternative from the point of view of the dependent state.

⁹ R.W. Russell, J.E. Doerr, G. Lopez, T. Stauffer and J.W. West. 1975. Dependence and Interdependence in the International System: An Introduction to International Political Economy New York: Learning Resources in International Studies

¹⁰ Caporaso. op. cit p.20

¹¹ R.O. Keohane and J.S. Nye. 1977. Power and Interdependence. Boston: Little, Brown.

¹² B. Cohen. 1973. The Question of Imperialism. New York: Basic Books.

It is common for the conventional non-Dependencia theories to explain the causes of dependence in terms of national attribute deficiencies, which include, among other things, limited natural, human and financial resources, lack of technology essential for development and modernisation, smallness and its often claimed correlation with resource endowment and national capabilities. The absence of certain attributes and capabilities essential for national well-being, viability and development thus lead Country A to rely on Country B. Thus, to develop, or to be a more viable entity, a state has to rely on other international actors for the fulfilment of a variety of needs. These needs range from defence, trade, to technology transfer, development assistance and training, to name a few.

To a large extent, conventional theories take a dyadic view of dependence. That is to say, the focus is largely on actor-to-actor basis. Derived largely from what Caporaso referred to as a 'liberal paradigm' which focuses on individual actors and their goals,¹³ conventional theories often see negotiations between actors as an integral part of the relationship. Because of the asymmetry of the relationship, bargaining is never on an even basis. However, while the assumption is usually that the asymmetry is in favour of the larger partner, this is not necessary so in practice.

Conventional theories encompass variants of non-dependencia perspectives ranging from the Power theories (Realism and Neo-realism) to Behaviourism to Decision-making model of foreign policy. Within this broad tradition, the emphases vary. Some scholars emphasise dependence as a property of countries and set out to measure it in

¹³. Caporaso. *op.cit.* p.20

empirical terms. Others see dependence differently as an aspect or property of the relationships between countries and systems pursuing their separate goals, and negotiations between the countries is, in most cases, an integral part of this relationship.

Dependencia theorists, on the other hand, take a more complex view. To them the term 'dependence' as "external reliance on others" is a generic term which serves little analytical value.¹⁴ Lall (1975) claims that this usage suggests no hint of something undesirable nor there is any implication of a process of causation.¹⁵ Arguing that 'dependence' must give way to more discriminating concepts in order to serve as a useful analytical tool, dependentistas insist on the term, 'dependency', which Caporaso defines as "the absence of actor autonomy".¹⁶ Unlike the conventional theories, Dependencia is based on the structuralist paradigm which focuses

*on the class structure in the peripheral country, the alliance between this class structure and international capital, and the role of the state in shaping, managing the national, foreign and class forces that propel development within countries"*¹⁷

This perspective holds that any decision of the state should be viewed in the light of the alliance of national class and international capital, not as a specific event in its own right. It argues that the crucial point of reference occurs not during the decision-making

¹⁴. Caporaso op.cit. p.18

¹⁵. Sanjaya Lall. 1975. "Is 'Dependence' a Useful Concept in Analysing Underdevelopment." World Development vol.3 nos.11&12. p.799

¹⁶. Caporaso op. cit p.18

¹⁷. Bruce E. Moon. 1983. "The Foreign Policy of a Dependent State." International Studies Quarterly. vol.27, p.317

process itself,

*but rather long before it when the decision-makers were being selected and when their foreign policy orientations were being formed in relation to the interests and perspectives which they derive in part from the dependency relationship*¹⁸

Thus, developing or peripheral states lack autonomy not so much because of certain national attributes deficiencies, but because of their incorporation into the global capitalist system which lead to long term 'structural distortions' which, in turn, limit and constrict the opportunities available to the dependent state for autonomous development and policy-making. By 'structural distortion', Dependencia theorists refer to the numerous ways in which the national economy is structured to meet the needs of the foreign sector or external actors.¹⁹ The external orientation of the national economy is sustained by the implicit and formal alliances between manufacturers in industrialised countries and the 'comprador bourgeoisie' and the state in the peripheral areas. In turn, the three-way alliance between overseas capitalists, local compradors and the state condition the growth of that economy and locks it in a situation of dependence and increasing underdevelopment. In so far as the state's decision making process is concerned, it is argued that it is embedded in a social/political structure which itself is distorted and shaped by the dependency relationship.²⁰

¹⁸. ibid

¹⁹. ibid.

²⁰. ibid. pp.316-317

Unlike the dyadic focus of conventional theories, the focus of dependencia is systemic. Thus, in relation to the question of "dependent on whom?" which naturally flows from the term 'dependent' as a relational concept, the answer in most cases is the nebulous global capitalist system, or in some cases its prime movers -- the core countries. Thus, Dependencia theories typically conceptualised dependence as not on one dominant actor, nor a set of actors, but on the wider capitalist system. This multi- and widely- based dependence often raises the question of measurement and definition. Indeed, dependencia theorists have often cautioned against measurement of dependence.

Dependency (or dependencia) theory is less concerned with foreign policy behaviour, and state behaviour generally, than with internal distortions associated with dependency, thus has little to say, except indirectly or by implication, about foreign policy behaviour.²¹ Taken to its logical conclusion, dependencia theory will generally predict a very restricted foreign policy behaviour in which the constraints of the global capitalist system are so overwhelming on the dependent state that the prospect of autonomous foreign policy-making and behaviour is non-existent. Conventional theories also predict constrained foreign policy behaviour for the dependent state because of the asymmetry of its relationship with the dominant state; the fundamental difference is that conventional theories allow the dependent state certain rooms for manoeuvre. Despite its lack of direct interest with foreign policy behaviour, the dependencia theory provide some useful insights into dependent states' foreign policy behaviours in the form of thematic concerns -- such as class interests, penetration and the relative autonomy of the state --

²¹. Michael B. Dolan Adele. 1980. "Foreign Policies of African States in Asymmetrical Dyads." International Studies Quarterly. vol.24 no. 3. (September). p.416.

which cannot be avoided in the study of dependent states and their foreign policy behaviour.

Because of the apparent lack of interest by the Dependencia theory on foreign policy behaviour, and because of its failure to allow for certain rooms for manoeuvre by the peripheral states in the pursuit of their national interests, as perceived by their decision-makers, this study will, for the most part, adopt 'dependence' in the conventional usage. At the same time it is necessary to add onto this basic definition elements of the dependencia definition. Such composite definition attempts to capture the essence of 'dependence' in the context of peripheral states. To this end, Tom Travis'(1981) definition is germane. Having gleaned the literature for definitions of dependence and finding the overlap of the definitions of dependence and imperialism in much of the dependencia literature, Travis was faced with the task of filtering dependence from imperialism. He thus defines 'dependence' as an "asymmetrical relation of penetration, reliance, and contingency."²² This definition identifies three major ingredients of dependence as asymmetrical external reliance, contingency and penetration. Elaborating on these conceptual elements of 'dependence', Travis points out that:

*Asymmetrical external reliance means that one actor depend more on another for ideas, goods or skills to meet its needs than vice versa. Asymmetrical contingency means that the behaviour of one actor is more conditioned by, and reactive to, the activity of another than vice versa.*²³

²². *ibid.* p174.

²³. *ibid.* p169

The third ingredient, penetration is of two types:

[I]nstitutional penetration [where] an external source provides a large portion of the personnel, technology, skills, or policies for a satellite's key institutions. In transactional penetration, an external source monopolizes the international transactions (trade, investments, aid, student exchange and so forth) important for the satellite's goal fulfilment.²⁴

Explaining the cause and rationalisation of penetration, Rosenau (1966) argues that penetrated systems are characterised by shortage of capability which provides legitimacy for the participation of non-members, or the involvement of external factors in the national systems.²⁵ Thus, asymmetrical penetration refers to the situation where the external source more deeply penetrates [and influences] a dependent country's institutions or international transactions than vice-versa.²⁶

3. OPERATIONALISING DEPENDENCE

(a). Non-Economic Dependence

Having defined 'dependence,' it is essential in the interest of conceptual clarity and analysis that it is operationalised. As most analysts acknowledge, dependence occurs along several transactional dimensions including political, military, economic, cultural

²⁴. ibid.

²⁵. Rosenau. 1966. op. cit. p.68

²⁶. ibid. p169

and communication.²⁷ But the main emphasis by scholars has overwhelmingly been on economic dependence. This focus is justified by, firstly, the claim that the primary form of dependence in contemporary interstatal relations is economic dependence.²⁸ Second, there is also the claim by both conventional and dependencia theorists that economic dependence has often led to political dependence, imperialism and other forms of dependence.²⁹ Yet, another justification is that it is easier for scholars and observers to focus on economic dependence because it can be quantified and measured.

Indeed, dependence is more than economic dependence. Commenting on the multi-dimensional nature of the phenomenon, Senghaas (1974) has this to say:

*The political structure of foreign rule still exists today though the accents are set differently, **and it still mirrors the profound penetration of the different areas by the outside centres.** This asymmetrical penetration of the dominating centre took place...in all the essential social fields. This was done by controlling the socialization process in widest sense of the word (**cultural imperialism**); by controlling the media of communication (**communication imperialism**), as well as political, military and legal system (**political imperialism**)....A history of the political and social structures of the third world can be seen as a function of this external penetration.*³⁰

²⁷. ibid.

²⁸. ibid.

²⁹. ibid.; See also Lall. op. cit. pp799-810.

³⁰. D. Senghaas. 1974. "Peace Research and the Third World." Bulletin of Peace Proposals. pp.162-3

Although Senghaas talked about imperialism instead of dependence, it is important to note that while imperialism is not synonymous with dependence, the two concepts are related. They co-occur in most cases, and in some cases, they are, as it were, different sides of the same coin. Explaining the difference between the two concepts and the extent to which they are related, Travis points that:

Imperialism refers to an hierarchically structured, enduring relation of asymmetrical domination and control characterised by asymmetrical limited autonomy and vulnerability. Dependence exists where a satellite is asymmetrically penetrated by, and reliant and contingent on, one or more metropolises...Dependence can lead to imperialism. As a metropole deeply penetrates a satellite, it may weaken the satellite's resistance to imperial domination. Dependence also could result from imperialism. One state might occupy another and then mould dependence by penetrating its institutions.³¹

Dependence is moulded not only by the penetration of a satellite's institutions but also and, perhaps more importantly, the satellite's psyche. After long years of association with, or as the more radical writings³² would put it, forceful occupation by the industrialised countries, the social/political structures and the cultures of the colonies have substantially been undermined, or in some cases, dominated by metropolitan values. The agencies of such changes often include the education system, the cultural imperialism of the metropolitan countries through, among other things, mass media,

³¹. Travis. op. cit pp.170-171.

³². See, for example, Franz Fanon.1967. The Wretched of the Earth. London: Penguin.

information, entertainment, imported life-styles and increased social mobility. The combined effects of all of these are: new aspirations, new needs and a revolution of rising aspirations, which cannot be satisfied and sustained by local capacities, hence leading to the loss of confidence in local cultures and standards, and, eventually to external reliance. In most cases, the upsurge of nationalism around the time of independence did little to change these entrenched patterns of external dependence.

There is no doubt that, as a totality, these outward predispositions have important consequences on foreign policy behaviour. Within this totality, there are forms and elements of dependence that have direct implications for foreign policy behaviour. Others have indirect and subtle impacts.

The influential elites in peripheral or developing countries often provide a direct link through which dependent relationship persist. Occupying decision-making roles and being the main beneficiaries in the maintenance of such relationships, elites often have perceptions, tastes, life-styles and predispositions which encourage and perpetuate external dependence. As Epeli Hau'ofa (1987) argues in the case of the South Pacific:

*the ruling classes of the South Pacific are increasingly culturally homogeneous. They speak the same language, which is English (this language is becoming the first tongue of an increasing number of children in the islands); they share the same ideologies and the same life-styles, admittedly with local variations due to physical environment and original cultural factors, but the similarities are much more numerous than the differences.*³³

³³. Epeli Hau'ofa. 1987. "The New South Pacific Society: Integration and Independence." In A. Hooper. Adele. eds. Class and Culture in the South Pacific Suva: Institute of Pacific Studies. p.3

Two of the most common forms of non-economic dependence which normally affect developing countries' capacity for self-reliant and autonomous policy-making and foreign policy behaviour are military and information dependence. Like economic dependence, both reflect peripheral states' lack of crucial capability factors.

Enhanced national security is one of the major policy concerns of all states, including developing peripheral states. The threats to national security vary, and are often perceived in terms of threats to the security and integrity of the state from dissident groups within the country or from outside, usually from conditions in the neighbouring countries. In some cases, internal threats might be threats to the political tenure of the leader or the regime in power, but are often articulated by leaders and decision-makers as threats to the state. Internal threats are often met with little or without external assistance, although the issue of the source of arms purchase to help a peripheral state deal with its internal security problems is often dictated by its alliance with the major powers. In terms of external threats -- whether perceived or real -- all states generally have five options: self-reliance, bilateral defence treaties or other special security arrangements with a major power, multilateral military alliances, reliance on the United Nations, and collective security arrangement.³⁴ Self-reliance is hardly a realistic option for most developed countries given their perceived weakness vis-a-vis external threats and also the costs of military technology. Most developing countries as Stremlau (1980) observed, generally avoided bilateral defence treaties, except those faced with

³⁴. John J. Stremlau. 1980. "The Foreign Policies of Developing Countries in the 1980s." Journal of International Affairs vol. no. p.165

overwhelming foreign and domestic threats, such as those confronting the divided states in Asia or warring countries of the Middle East or Northeast Africa.³⁵ Whatever military ties a developing country has, no matter how minimal it is, it will always entail restraint in the purchase of military equipment, the avoidance of certain forms of domestic repression, active diplomacy in support of regional norms that uphold the rights of sovereign equality, and the limitation of extra-regional military involvement in local conflicts.³⁶ Just being in one major influential country's sphere of influence is sufficient a reason for a dependent state to be constrained in its foreign policy behaviour by external interests, especially if the behaviour is perceived by the larger state on which dependent country depends or its allies as detrimental to the interests of the patron state or the collective interests of the alliance. The classic example here is Grenada whose foreign policy behaviour and alliance was a cause of concern to its neighbours and traditional friends to cause a military intervention by US forces.

But military dependence need not necessarily constrain foreign policy behaviour. In some cases, depending on what interests the dominant state has at stake, military dependence or defence ties whether formal (i.e by means of special defence treaties, bilateral or multilateral) or informal (for example, by just being in a particular sphere of influence) can be a source of strength in negotiations with a larger and more powerful patron state, and a means through which it may be possible for the dependent state to exact certain concessions.

³⁵ ibid.

³⁶ ibid.

Another non-economic form of dependence is information dependence. In the area of information dependence, dependent states not only lack the information/intelligence-gathering capability but that their informations are often fed to them by the dominant industrialised states, thus their views of the world are often coloured, and influenced, by perspectives which are not theirs. Dependent states' source of information tends to be information bulletins and press releases from the governments of developed countries. In addition to these sources, decision makers (and the local media) in the Third World also rely on the news agencies of the developed countries, which in most cases, tend to be the former colonial mentor. These foreign-derived informations become the only bases on which decision makers in dependent countries interpret and understand world events. The same informations most probably provide the bases on which national positions in relation to international events are formulated.

It is important, however, to note that foreign-derived informations -- e.g. news, or official press releases or briefing papers -- are hardly neutral. For, not only are they tinted by the views of the source country, but in some cases are part of the propaganda of the source country, which issued them deliberately with the object of influencing the receiver. If, as Whitton (1951) argued, "the great innovation of modern times is the frank recognition of propaganda as a regular branch of government, alongside economic and military departments,"³⁷ then propaganda must be accepted as very much part of today's statecraft. As the application of force becomes fungible, persuasion and propaganda have increasingly played important roles in the art of subtly making one state see the world the

³⁷. John B. Whitton. 1951. "Propaganda in Cold Wars." Public Opinion Quarterly vol.15,no.1 p.142.

way another sees it and making it behave according to that vision. In his preface to a book on the United States Information Agency, Robert E. Elder describes the function of one such machinery of government:

*Americans distrust propaganda -- especially government -- yet they have allowed their government to fashion a powerful propaganda machine. This machine, which costs taxpayers about \$170 million a year, is designed to convince people in the rest of the world that the United States policies and actions are helpful to them, or at least not harmful to their basic interest.*³⁸

A former Secretary-General of the Asia Mass Communication Research and Information Centre has pointed out that the techniques of propaganda in developed countries are constantly being sharpened and fine-tuned. Behavioural scientists and public relations specialists are often recruited to advise institutions and governments.³⁹ He goes on to note that

*there has been a greater effort made to 'plant' seemingly informational items in newspapers and magazines. Similarly, persuasion has been carried on not only by what is said or printed but, even more important, by what is withheld.*⁴⁰

Thus, beneath the seemingly informational and news items that leaders and decision makers constantly consume in order to keep abreast with international events and

³⁸. Robert E. Elder. 1968. The Information Machine Syracuse: Syracuse University Press. p.vii

³⁹. Y.V. Lakshmana Rao. 1971. "Propaganda through the Printed Media in Developing Countries." The Annals of the American Academy of Political and Social Science (Special issue on Propaganda in International Affairs). vol.398. p.97.

⁴⁰. ibid.

developments, there lurks propaganda (in some cases, misinformation) designed to influence the consumer one way or the other. If indeed, to paraphrase an old adage, information is power, then dependent countries are powerless relative to developed countries' use and abuse of information.

Information is crucial in negotiations, especially in understanding the position of the other party in relation to specific issues, and formulating one's own stand. Here again, dependent countries are clearly at a disadvantage, largely because of their limited information-gathering capability and the faulty and incomplete information with which they have to formulate their positions. Yet, in some other cases, they are disadvantaged by the superior capabilities of the developed countries to shoot down their position, even before it is presented, as exemplified in the case of the Trust Territory of the Pacific Islands delegation when it negotiated the terms of its political developments with the US. The US was able to eavesdrop on TIPI's close sessions by bugging its delegation's hotel rooms, and thus know about the other side's position in advance of the formal sessions.⁴¹

Yet, another form of dependence where, it has been claimed, that the relationship between dependence and foreign policy behaviour can be easily discerned empirically is economic dependence. Because much of the current scholarly effort is on it, it thus deserves a more detailed discussion and closer scrutiny.

b. Economic Dependence

Economic dependence is "a characterization of a national economy [particularly

⁴¹. Peter Larmour. 1983. "The Decolonisation of the Pacific Islands." In R.G. Crocombe and Ahmed Ali. eds. Foreign Forces in Pacific Politics. Suva: Institute of Pacific Studies. pp.3-4.

in the developing states] significantly affected by its transactions with another."⁴² It is a relational situation brought about by the external links and relations forged, or in some cases, inherited (usually through colonialism), by the state or the economy in pursuit of its preeminent long-term goal of economic well-being. Economic dependence can be measured by various discrete variables, which include, total trade, particular product dependent, import and export trade, foreign aid, technical aid, currency area, currency link and foreign investment.⁴³ Depending on how these variables are manipulated, they can indicate the extent of the peripheral country's dependence, penetration, sensitivity, and vulnerability relative to the dominant state or states. Table 4.1 summarises, at least one method by which economic dependence is measured and assessed. The table attempts to operationalise economic dependence in terms of the dominant (or metropolitan) state's domination of the dependent state's economic relations and transactions in a wide range of areas. In particular, it tries to establish the importance of the external transactions to the whole of the dependent country's economy. The ratios assess the relative importance (and in some cases the exclusivity) of the dominant partner as the major supplier of external economic resources and support, and major source of purchases. The thresholds are largely arbitrary, and have been set very conservatively to allow relations of low dependence to be discerned.⁴⁴

⁴². Neil R. Richardson. 1981. "Economic Dependence and Foreign Policy Compliance: Bringing Measurement Closer to Conception." In C.W. Kegley, jnr. and Pat McGowan. eds. The Political Economy of Foreign Policy Behaviour. Beverly Hills: Sage Publications. p.88

⁴³. Travis. op.cit. p.173

⁴⁴. ibid p.174

Table 4.1 Variables for Economic Dependence

Please see print copy for image.

(Source: T.A. Travis. 1981. "A comparison of the Global Economic Imperialism of Five Metropolises." In C.W. Kegley and Pat McGowan. eds. The Political Economy of Foreign Policy Behaviour. Beverley Hills: Sage Publications. p.173.)

Other methods used in assessing the relative importance of the dominant partner include, in the case of foreign aid dependence, dividing the value of bilateral aid by the dependent country's gross domestic formation or government expenditure or government revenues or population size.⁴⁵ These different variables could also be applied to the measurement of foreign direct investment dependence. Other more sophisticated methods aimed at improving the precision of the measurements include the net external reliance

⁴⁵. Richardson op.cit p.92

and vulnerability measurement.⁴⁶

3. *DEPENDENCE AND FOREIGN POLICY BEHAVIOUR*

As pointed out above, the situation of dependence exists in a variety of forms. And, while it cannot be denied that it is a common essential characteristic of small and developing states, the question is what effects does dependence have on foreign policy behaviour?

The literature generally conceives a direct relationship between dependence and foreign policy behaviour. Dependencia theories generally assume that the condition of dependency conditions the choices which confront the subordinate state actors in their efforts to fashion foreign policies. With a class structure that is not only in control of the state, but is aligned to the interests of international capital, policies (including foreign policy) are largely subordinate to external interests and forces.⁴⁷ Thus, the choice of foreign policy options by the dependent state is effectively subverted and subordination perpetuated.

Conventional theories argue that the dependent state is a relative autonomous actor, although its actions are constrained by the asymmetry of its relations with the dominant states. Unlike the dependencia tradition which foreclosed the opportunities for the dependent state, conventional theories assume that in a dependent relationship the

⁴⁶ For a detailed discussion of vulnerability measurement, see Richardson *ibid.* pp.94-100

⁴⁷ See, for example, Timothy Shaw and M. Newbury. 1979. "Dependence or Interdependence: Africa in the Global Economy." In M. De Lancey. ed. *Aspects of International Relations in Africa*. Bloomington: African Studies Program.

exchange between partners often involve tacit bargaining "in which both parties respond to unstated but generally well-known expectations."⁴⁸ In so far as the dependent state is concerned, it is often assumed in conventional theories that there is in existence an "hypothetical counter-factual foreign policy which would be preferred by the [dependent] state in the absence of influence attempts."⁴⁹ This base-line preference, which is mostly internally derived, is often compromised in anticipation of rewards in the form of economic and military aid, trade concessions and investments from the dominant state.⁵⁰ It is the application of these rewards by the dominant state and their anticipation by the dependent state that gives meaning to Dahl's formulation of power as constituting the capacity by A to get B to do what it would not otherwise do. Thus, the dependent state's foreign policy behaviour is observed to be compliant deferential behaviour. As Richardson (1978) elaborates:

It is behaviour that accedes to the wishes of others. This means that its well-springs are external rather than internal to the actor. The further implications is that, as one actor complies, a second party can be said to have influenced the first successfully⁵¹

⁴⁸. Bruce E. Moon. *op.cit.* p.317

⁴⁹. *ibid.* p.319

⁵⁰. Neil R. Richardson. 1981. *op.cit. passim*. Although Moon 1983 p.318 argues that to treat trade and investments as reward behaviours is a fundamental mistake because such economic flows are often outside the control of the dominant states, nor are they viewed any parties as involving a return measured primarily in terms of political compliance. It will be argued here that the two can also be viewed, especially from the point of the dependent state, as reward behaviour particularly in situations where the dependent state is looking for preferential access to the markets of the dominant state or facilitation of investments through the provision of incentives for investment from the dominant state.

⁵¹. Neil R. Richardson. 1978. *Foreign Policy and Economic Dependence*. Austin: University of Texas Press. p.70

That the economic dependence of a subordinate state breeds political compliance in its foreign policy towards those states on which it is depended, though often claimed, is not as easily verifiable as it may seem. If subjected to close scrutiny, the seemingly straightforward economic dependence/foreign policy behaviour linkage becomes problematic and hazy. In fact, empirical investigations into the linkage have been, and are still being, confounded by the difficulties of operationalising and measuring adequately the relative salience of the many variables that collectively compose the 'economic dependence' syndrome,⁵² on the one hand, and foreign policy compliance, on the other. As Menkhaus and Kegley (1988) concede:

*The search for a multipurpose, cross-nationally valid index of dependence is problematic, for dependence is a condition deriving from multiple sources and the relative weight of factors contributing to it do not lend themselves to precise quantification.*⁵³

Even if one settles on the flow of aid, trade and investments as indicators of dependence, the problem remains that of measuring and operationalising compliance. Current studies⁵⁴ on dependence/compliance linkage have adopted the voting pattern at UN roll calls as one index of compliance. By using UN roll calls analysts are looking for the relationship -- i.e agreement or lack of it -- between the dominant state and the dependent state on a range of issues over time. More specifically, as Moon (1983) points

⁵² K.J. Menkhaus and C.W. Kegley. 1988. "The Compliant Foreign Policy of the Dependent State Revisted." Comparative Political Studies, vol.21. no.3. pp.320-321

⁵³ ibid, p.316

⁵⁴ For example, B.E. Moon. 1983. "The Foreign Policy of the Dependent State." International Studies Quarterly . vol. 27. pp.315 - 340.

out, the computation of compliance is obtained by:

counting identical votes on a given roll call as +1, diametrically opposed vote (i.e one 'yes' and one 'no') as -1, and any vote in which [the dependent state] or [the dominant state] (but not both) were recorded as abstaining or 'present but not voting' as a neutral 0. These scores are then summed and averaged individually for each session ... and individually for the plenary sessions and committee.⁵⁵

Apart from the apparent imprecision and reductionism of this approach -- as governments' stand and policy are much more complex than their votes in the UN -- it is worth pointing out that while the linkage between dependence and foreign policy compliance cannot be ruled out completely, the prevailing method of gauging it is still far being adequate. While UN voting patterns may be a useful pointer, it does not provide a complete picture. For, voting is not always worked out on the basis of appeasing or in deference to the stand of the dominant state. Rather, it is more complex and might have involved considerations that have little or nothing at all to do with a particular state's dependent relationship with the dominant state, but more to do with the 'dependent' state's alignment and solidarity with other 'like-minded' states with which it shares certain interests, as is often the case in North-South issues, Law of the Sea, and increasingly in the case of island countries, environmental issues.

Additional to the problems of measurement and operationalisation and the apparent inapplicability of UN votes for all states -- especially in the present case of

⁵⁵. *ibid.* p318.

island microstates i.e Cook Islands and Kiribati, which are not even members of the United Nations -- the present method of investigating the correlation between dependence and foreign policy compliance is fundamentally flawed because of its 'dominant state-centric' perspective and its working assumption of a single dominant state with its many dependencies.⁵⁶ Because of its 'dominant state-centric' nature, the approach cannot claim to see the situation from the perspective of the 'dependent' state. Its assumption of one 'mighty' state with a number of dependencies does not reflect the reality of the present international system in which, as Rothstein (1977)⁵⁷ recognised, the norm seems to be multiple sources of dependencies -- that is to say, dependent states, except in some rare cases, depend not on one state but a number of often competing dominant states. The fact that there are other dominant states make compliance difficult to measure as a natural follow on from dependence. Thus, as Menkhaus and Kegley (1988) contended:

*Investigations in conformity with prevailing research practice on the compliance-dependence linkage from the perspective of the dominant state, or through research designs based on a single dyad ... are likely to lead to fallacious inference.*⁵⁸

It is not surprising, therefore, given the flaws of the prevailing research practice, that when Menkhaus and Kegley adopt a perspective that accounted for the 'dependent'

⁵⁶. Menkhaus and Kegley. *op. cit.* p.323

⁵⁷. *ibid.*

⁵⁸. *ibid.* p.329

state's multi-directional dependence -- what they termed as a 'dependent state-centric' model, they found a very different picture, in terms of the manoeuvrability of a dependent state, from that expected of the conventional 'dominant state-centric' model and to some extent, the Dependencia perspective. Specifically, their findings indicate that a dependent state does not appear to be necessarily destined to react submissively towards states on which it is dependent.

A growing number of studies have recognised that, from the 'dependent state-centric' vantage point, dependence does not necessarily engender compliance and submissiveness to the interests of those on whom one is dependent, because the fact that there are several states on which the dependent state could rely for certain needs and requirements gives the dependent state certain rooms for manoeuvre.

It is also important to note that dependence is not a condition government leaders enjoy being in. Dependence can therefore inspire and motivate decision-makers in dependent states to demand a more favourable and just relations or search for other alternatives. In human nature no one likes being forever dependent on another, and individuals eagerly look for means to break away from their dependence. It would be expected that states, being agglomeration of human beings would also be as eager to search for means of lessening the degree of their dependence on other states. Dolan et al.(1980), for example, argues that "economic dependence produces frustration and a determination to promote autonomy through diversification of external reliance."⁵⁹

⁵⁹. Michael B. Dolan, Brian W. Tomlin, Maureen A. Molot and Harald Von Riekhoff. 1980. "Foreign Policies of African States in Asymmetrical Dyads." International Studies Quarterly. vol.24 no.3 (September) p.425. See also, C. Thorne. 1966. "External Political Pressures." In V. McKay. ed. African Diplomacy. New York: Praeger; and Timothy Shaw. 1975. "Discontinuities and Inequalities in African

Bearing in mind the fact that a condition of dependence could become the basis for, or inspire greater creativity on the part of policy makers in dependent states with the ultimate aim of breaking away from dependence, it would be necessary to shift the focus of the analysis from dependence as a constraining/conditioning factor (which is the focus of the majority of writings on dependence and foreign policy behaviour) to dependence as a motivating factor in the promotion of political autonomy, or in increasing the dependent state's rooms for manoeuvre.

4. CONCLUSION

Most writings on the foreign policy behaviour of developing states (of which the case-studies are part) argue that because these states are dependent on others, they therefore are compliant in their foreign policies to those states on whom they are dependent. The dependencia theories tend to see states as trapped in a situation of dependency that they lack capacity and autonomy to behave as independent actors on the world stage. Conventional theories, while crediting them with some rooms for manoeuvre, nevertheless argued that because of their asymmetrical external dependence, they will tend to be restricted, hence compliant to those on whom they depend for the fulfilment of their needs.

If there is a flaw common to both theories, it is the vantage point from which they conceptualise the foreign policy behaviour of the so-called dependent states. Both sets of theories are so overwhelmingly 'dominant-statecentric' and preoccupied with the

negative sides of dependence that they rarely considered possibilities other than continued dependence and domination by the state on which they depend. From the vantage point of the dependent state, a whole range of possibilities can be contemplated. As noted above, being dependent on one dominant state is not a situation most states enjoy, and the tendency is for decision-makers in these states to explore possibilities in which excessive dependence on one state is minimised. The options for most states is to either change their dominant partners, or diversify the sources of their external dependence. Diversification of dominant partners seems to be the most common option. This does not free them from dependence, but at least, it gives them more rooms for manoeuvre in pursuing their interests externally.

CHAPTER FIVE

COOK ISLANDS

THE DOMESTIC CONTEXT OF FOREIGN POLICY BEHAVIOUR

This chapter presents the domestic context within which the foreign policy behaviour of the Cook Islands could be understood. It begins with the geography of the country, then looks at political development and the national economy. The purpose of this background chapter is to highlight the conditions of smallness, dependence and islandness as they apply to Cook Islands, and relate them to the island microstate's foreign policy behaviour. It is argued that the conditions described in this chapter have direct bearings on the foreign policy behaviour of the Cook Islands.

1. GEOGRAPHY

The Cook Islands is a group of fifteen islands dispersed over an area of 1.8 million square kilometres of the South-West Pacific Ocean. The fifteen islands are divided in two groups: the Northern Group, consisting of Pukapuka, Nassau, Manihiki, Rakahanga, Suvarrow, Penrhyn and Palmerston; and the Southern Group, which includes Rarotonga, Aitutaki, Mangaia, Atiu, Mauke, Mitiaro, Takutea and Manuae. The seven islands of the Northern Group are low-lying coral atolls most of the Southern Group are of volcanic as well as coral formation.

The total land area of the Cook Islands is 234 square kilometres. With a population

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Source: Te'o I.J.Fairbairn, et.al. 1991. The Pacific Islands: Politics, Economics and International Relations. Honolulu : East-West Center. p.114

of 18,400, it has a population density of 78 persons per square kilometre.¹ The annual population growth is estimated at 0.5. The low growth rate is due to out migration, mainly to New Zealand, where some 38,000 Cook Islanders live.² A sizeable number of Cook Islanders also live in Australia. An estimated 7,000 persons of Cook Islands descent live in French Polynesia.³

The national capital (Avarua) is on the island of Rarotonga which accounts for 55.4 percent of the population.

Cook Islanders are Polynesians with close cultural and linguistic affinities with the Maori of New Zealand and the Polynesians of French Polynesia.

2. *POLITICAL DEVELOPMENT*

In 1843, when their neighbours in Tahiti were forcibly taken over by France, the *ariki* (high chiefs) of Rarotonga petitioned for a British Protectorate. Although it was not accepted, the fear of a French take-over remained, and in 1865 they petitioned again. After further appeals from English missionaries and traders, an honorary British Consul was appointed in 1881.⁴ English missionaries of the London Missionary Society, in a move to protect and consolidate their influence on the Cook Islands, persuaded Makea

¹ South Pacific Commission. 1991. South Pacific Economies Statistical Summary. no.12. Noumea.

² The 1986 Census figure was 31,092, but census officials explain that recording is low among Pacific islanders. Migration has continued and current figures is assessed by Ron Crocombe at 38,000 at least. See Ron Crocombe. 1992. Pacific Neighbours: New Zealand's Relations with Other Pacific Islands. Christchurch and Suva: Institute of Pacific Studies and Macmillan Brown Centre for Pacific Studies. p.6

³ Ron Crocombe, personal communication.

⁴ Richard P. Gilson. 1980. The Cook Islands 1820 -1950. Wellington: Victoria University Press. pp.41-49.

Ariki, paramount chief of Rarotonga, to petition the British Foreign Office for protectorate status again. The petition resulted in the proclamation of a British Protectorate over Rarotonga and the surrounding islands on 27 September 1888.⁵ Thereafter, a Federal Parliament of the Cook Islands was set up, partly elected, partly comprised of high chiefs *ex officio*.⁶ Thirteen years later, on 11 June 1901, the islands were ceded by traditional leaders to New Zealand.⁷ The British Resident Commissioner, Walter E. Gudgeon, became the New Zealand Resident Commissioner. Although the Federal Parliament continued, Gudgeon had such a dominant personality and such wide-ranging powers that he decided not to call the Parliament after 1911, and it lapsed thereafter.⁸

New Zealand control's over the islands became more visible from 1915 when the Cook Islands Act was passed by the New Zealand Parliament. In a state of affairs which, in retrospect, was characteristic of the pre-World War Two period in most Pacific island colonies, there was very little done by New Zealand in social, economic or political development. In the area of political development, for example, the first attempt to involve Cook Islanders in managing their affairs on a national basis was made in 1946, some 21 years after the passage of the Cook Islands Act, when an amendment to the original 1915 Act was passed to provide for the Legislative Council made up of elected

⁵. Jon M. Jonassen. 1982. The Cook Islands: The Development of an External Affairs Department in An Emerging Microstate. M.A thesis. Honolulu: University of Hawaii. p.9

⁶. Ron Crocombe. 1980. "Forces Shaping the Arena." In Ron Crocombe *et.al.* eds. Cook Islands Politics : The Inside Story. Auckland: Polynesian Press. p.1.

⁷. Jonassen. op.cit. p.9

⁸. ibid.

and appointed members. The Council had limited powers, which included imposing levies such as taxes and fines. Real political power remained firmly vested in the Resident Commissioner. In 1957, another step in the territory's political development was reached when the Legislative Assembly with limited legislative powers and a membership made up of 22 elected members and 5 officials, replaced the Legislative Council. This development had very little effect on the powers of the Resident Commissioner.

In the international context, the movement for decolonisation was gathering momentum with the emergence into nationhood of several Asian and African colonies from 1948. The adoption by the United Nations General Assembly of Resolution 1514, the Declaration on the Granting of Independence to Colonial Countries and Peoples, recognised independence as an international value and a right that all colonial territories should enjoy. Related to this resolution was UN Resolution 54 (XV) which accepted integration or free association with another state as alternatives to full independence.⁹ With the United Nations taking an active interest and role in the decolonisation process, the pressure was on administering authorities to decolonise. Some colonial powers, including New Zealand, were anxious to "get rid of embarrassing and unprofitable colonies."¹⁰

Against the backdrop of increasing international pressure through the United Nations for decolonisation of colonial territorial, New Zealand's Minister for Island Territories visited Cook Islands in 1963 to discuss alternatives for future constitutional

⁹. Yah Ghai. 1983. "Constitutional Issues in the Transition to Independence." In Ron Crocombe and Ahmed Ali. Foreign Forces in Pacific Politics. Suva: Institute of Pacific Studies. 1983. pp.43-44.

¹⁰. ibid.

development. The three alternatives the Minister presented to Cook Islands leaders and representatives were those contained in UN Resolution 54 (XV) namely, independence, free association with New Zealand and integration. Cook Island leaders unanimously chose free association because of what they perceived as its advantages over the other options. One advantage is the entitlement to New Zealand citizenship provided under the free association status.

In 1964 the New Zealand Parliament passed the Cook Islands Constitutional Act, which did not come into force as the supreme law of the Cook Islands until 4 August 1965, following the election of the new legislature in July 1965.¹¹ When the Legislative Assembly re-convened on 26 July, the Premier, Albert Henry, moved what he described as "the most important motion in our history":¹²

*That the Legislative Assembly of the Cook Islands hereby resolves that the Cook Islands shall be self governing in free association with New Zealand; requests New Zealand in consultation with the Government of the Cook Islands to discharge the responsibilities for External Affairs and Defence of the Cook Islands; approves the Constitution of the Cook Islands as amended in accordance with the wishes of the Assembly; [and] requests that the Constitution be brought into force on the 4th day of August 1965.*¹³

Thus, the Cook Islands became a self-governing state in free association with New

¹¹. The effective date of the constitution was postponed pending the election and the request by the new legislature for it to come into effect.

¹². David J. Stone. 1971. Self Rule in the Cook Islands: The Government and Politics of a New Micro-state. PhD thesis. Canberra: Australian National University. p.149

¹³. *ibid.*

Zealand. The constitution which defined this status provided *inter alia* for a Legislative Assembly with full powers to pass laws for peace, order and good government for the Cook Islands, executive authority vested in the Cabinet headed by the Premier, a Judiciary and a Civil Service. Section 5 of the Constitution provided for New Zealand to discharge responsibilities for external affairs and defence.

*Nothing in this Act or in the Constitution shall affect the responsibilities for Her Majesty the Queen in the right of New Zealand for external affairs and defence of the Cook Islands, those responsibilities to be discharged after consultation by the Prime Minister of the New Zealand with the Premier of the Cook Islands.*¹⁴

Apart from external affairs and defence, other constitutional provisions, in practice, tied the Cook Islands to New Zealand. The Queen as Head of State of Cook Islands was represented by the New Zealand High Commissioner, "who, as head of the Executive Government, was entitled to see every Cabinet submission and minute."¹⁵ In addition, appeals from Cook Islands courts were handled by the Supreme Court of New Zealand, most government departments were, at the time, headed by New Zealanders, and the responsibility for the auditing of Cook Islands governments accounts was vested in the Audit Office of New Zealand.¹⁶ These links meant, Short contended, that "although the Legislative Assembly was given autonomy, some real administrative controls

¹⁴. "The Constitution of the Cook Islands." In D.Patterson. ed. 1984. Pacific Constitutions: The Constitutions of Polynesia and Micronesia. Suva: Institute of Pacific Studies.

¹⁵. Iaveta Short. 1987. "The Cook Islands : Autonomy, Self-Government and Independence." In Antony Hooper *et.al.* eds. Class and Culture in the South Pacific. Auckland and Suva : Centre for Pacific Studies, University of Auckland and Institute of Pacific Studies. p.177

¹⁶. *ibid.* p.178

remained with New Zealand."¹⁷ Over the next 29 years, all these factors progressively changed to make Cook Islands more autonomous in practice.

The constitution also provided for the repeal of the provision for the current political status -- i.e, free association with New Zealand -- by the amendment of the constitution by means of a two-thirds vote in the Legislature, endorsed by two-thirds of the votes cast in a referendum.¹⁸ The same provision has been interpreted to mean that the Cook Islands is at liberty to unilaterally change its status and move into full constitutional independence without the right of New Zealand to stop it.¹⁹ In practice, the termination of free association is difficult for both parties. As far as New Zealand is concerned, while it can 'walk away' from it at any time, its international reputation would be at stake, particularly if it made a unilateral move to cut the tie without the support of Cook Islanders. Such move could be construed by the international community as casting off its obligations and responsibilities; it would give New Zealand bad public relations which it is unlikely to want to court.

For the Cook Islands' part, the constitutional requirements would be difficult to overcome given the importance of the special and multifaceted relationship with New Zealand not only for the Cook Islands government, but also for ordinary Cook Islanders. In such a situation, any referendum would be a foregone conclusion in favour of maintaining free association. One common misunderstanding is that Cook Islanders in

¹⁷. ibid.

¹⁸. Section 40, quoted in Ghai op.cit. p.45. See also, "Pacific People Interview: Geoffrey Henry: Prime Minister, Cook Islands" Pacific Islands Monthly. July 1990. p.52

¹⁹. Short. op.cit. p.177.

New Zealand, who are more than double the number left at home, would block vote to maintain the tie. That would have been the case for the first fourteen years of self-government, but in 1979 the Cook Islands Parliament legislated to disenfranchise the great majority who live overseas. To vote in a Cook Islands election they must have lived continuously in the Cook Islands for three months before the election and must also meet other criteria. However, Cook Islanders inside the Cook Islands also value the relationship with New Zealand. In 1975, when the Democratic Party made the threat of independence an issue before the election, the Penrhyn and other Northern islanders stated their intention of going for integration with New Zealand if the special relationship is terminated.²⁰

As a trendsetter with little precedent in international law, free association has puzzled many observers. At an early stage, the confusion was to do with the question of whether free association met the requirements of self-determination in accordance with United Nations General Assembly resolution 1514 (XV). This confusion was stated by the Iraq delegate during the session of the Special Committee of Twenty-Four on 26 August 1965 when the report on the Cook Islands was discussed:

The point that has not been clarified in this Declaration [res.1514 (XV)] is that if this free will and desire involves a voluntary limitation of sovereignty, can we consider the Declaration to have been implemented or not in respect of that Territory....As far as my delegation is concerned, we would go along with the principle that the freely expressed will of a people should be paramount provided

²⁰. Carolyn Kelly. 1985. Aid, Development and a MIRAB Economy: New Zealand and the Cook Islands 1901-1984. Unpublished MA thesis. Auckland: University of Auckland. p.135

*that in such constitutional arrangements there is ample opportunity for the peoples concerned to decide freely, at any time they like, to change their status. If that freedom of choice is assured, it is our belief that the objectives of resolution 1514 (XV) would be realised.*²¹

As far as the Committee of Twenty-Four was concerned at that time, while it appeared to accept that free association complied with the objectives of resolution 1514 (XV), it was nevertheless seen by a number of states -- as will be seen in the way they conduct diplomatic relations with Cook Islands -- as something short of the full implementation of the resolution. Clause 6 of the final resolution (2064(XV) of 16 December 1965) on the Cook Islands specifically referred to the responsibility of the United Nations "to assist the people of the Cook Islands in the eventual achievement of full independence, if they so wish, at a future date."²² It should be clear from this that the United Nations regarded free association not necessarily as an end in itself, but possibly a step towards full independence. To a large extent, this resolution fueled doubts in the minds of some members of the international community as to whether Cook Islands is independent to enter into external relations in its own right.

Following New Zealand Prime Minister Kirk's visit to the Cook Islands in 1973, there was an exchange of letters between him and Cook Islands Premier Albert Henry which was publicised as a "statement of the true nature of the ties between the two countries."²³ Kelly (1985) pointed out that :

²¹. Quoted in Stone. *op.cit.*, p.152

²². Stone. *ibid.* p.153

²³. Kelly. *op.cit.* p.129

[w]hile these letters said little that...indicates change, the general tenor of Kirk's approach seemed to be that, while the Cook Islands enjoyed a special relationship with New Zealand (and the conditions and mutual responsibilities associated with this), he did emphasise the Cook Islands' status as a country with a distinct personality, and the relationship as a partnership freely entered into and freely maintained.²⁴

The exchange not only clarified the nature of free association between Cook Islands and New Zealand, but also marks the beginning of "a movement away from a special relationship towards one more akin to that between independent countries."²⁵ The shift was evident in the Cook Islands government's development of its foreign policy machinery, and in particular with the establishment the External Affairs Division in 1974, its steady growth thereafter, and subsequent establishment of its overseas representation much later, and in the pursuit of its foreign relations and interests through, among other things, separate membership of regional institutions, which began with the membership of the South Pacific Forum when it was established in 1971²⁶. Cook Islands' membership and participation in Pacific regional organisations was encouraged by New Zealand.

For New Zealand's part, the shift in the nature of the relationship was evident in the change in New Zealand's economic assistance from "the old, essentially monetary aid

²⁴. ibid

²⁵. Bertram. 1984. cited in Kelly. ibid p.129

²⁶. The first regional organisation that Cook Islands became member of was the South Pacific Forum in 1971. Despite its active participation in the South Pacific Commission, Cook Islands did not become a participating until 1980 when the Canberra Agreement was amended to allow Pacific Island Countries irrespective of their formal constitutional status to accede to the Agreement and thus, become full members.

system administered by Maori and Island Affairs into a more purposeful developmental aid package in line with New Zealand's normal assistance programme."²⁷ This change in the nature of New Zealand's economic assistance means that New Zealand's willingness to subsidise consumption has been replaced by a desire to contribute to the Cook Islands' government's development efforts, in accordance with the objectives and priorities set and defined by the Cook Islands government itself. New Zealand's philosophy is reflected in the 'degressivity principle' applied to budgetary assistance, where New Zealand was to progressively reduce its budgetary grants in favour of increased project aid.²⁸ The implications of this change in New Zealand's economic assistance from the Cook Islands perspective was that there was now a clear need for the Government to plan for development, to set its development priorities, and to seek other sources of development assistance beyond New Zealand. This need, to a large extent, became the basis of increasing external involvement.

The changes following the 1973 exchange between Cook Islands and New Zealand governments did not help clear lingering doubts by some members of the international community as to the international capacity of the Cook Islands. Despite the noticeable expansion of Cook Islands' external relations in terms of formal diplomatic relations and membership of regional institutions, some countries, for example Japan, still refuse to recognise the Cook Islands as a sovereign state. In 1979 when Cook Islands tried to become a member of the Lome Convention, an economic and trade arrangement between

²⁷. Kelly. *ibid.* p.131

²⁸. *ibid.* p.137

the European Community and the African, Caribbean and Pacific states, its application was turned down.²⁹

The upshot of this rejection was a major constitutional change designed to dispel lingering doubts about the country's political status, and therefore its capacity to enter into international relations. Thus, in 1981 the constitution was amended, and the Cook Islands Legislative Assembly became the Cook Island Parliament, the Premier became the Prime Minister, the Cook Islands Court of Appeal was established and the Cook Islands now appoints its own Queen's Representative with certain powers to communicate directly with Buckingham Palace in matters within the full competence of the Cook Islands.³⁰ In addition to the above constitutional changes, the Cook Islands flag was changed and a national anthem adopted.³¹

If the changes brought about by the 1981 constitutional amendments make Cook Islands in appearance, and increasingly in reality, an independent state, the country's legal status as a self-governing state in free association with New Zealand is still an issue which coloured the way some countries perceive Cook Island as an international actor.

²⁹. A. Tairea, personal communication. 27 October 1992. Tairea pointed out that his understanding from his Pacific islands colleagues who promoted Cook Islands membership was that the African group of countries blocked Cook Islands not on grounds of its constitutional status, but rather to prevent the smaller island states of the Pacific and the Caribbean have voting power (from their numbers) disproportionate to their size; and also because they alleged that South Africa might to use it as a precedent to try to get the South African "homelands" a share of Lome Funds from Europe. All Pacific and Caribbean countries supported the Cook Islands case, and the European Community confirmed that it would be happy to accept the Cook Islands provided the ACP countries did.

³⁰. Short, op.cit. pp.181-182. The amendments were proposed by the Democratic Party government of Dr. Thomas Davis which came into power in 1978 following an historic High Court verdict which disallowed election votes that were "tainted by bribery and corruption", and therefore brought down the government of Sir Albert Henry. Other amendments included the extension of the life of Parliament from four to five years, as well as the increase in the number of seats in Parliament from twenty-two to twenty-four.

³¹. Jonassen, op.cit. p.36

From the point of view of Cook Islands' decision makers, however, the main questions are: To what extent does free association constitute a real constraint in the conduct of Cook Islands foreign relations in a manner that is beneficial to the interests of the country, as defined by its government? To what extent is it a legal fiction with no fetters on the pursuit of Cook Islands' interests in international arena? It is worth bearing these question in mind as the foreign policy behaviour of the Cook Islands is examined in Chapter Six.

3. *ECONOMY*

a. *Development Constraints*

The Cook Islands faces many physical constraints in its quest for economic growth and development. These physical constraints derive mainly from the geography of the country -- being small, scattered and distant from major export markets and sources of imports -- and its demographic structure, that is, small population and heavy losses of the economically active proportion of the population through migration.

The disadvantage of the small size of the country together with its tiny population (which for many years continued to decline due to migration and is now growing very slowly) severely affects development -- particularly in relation to the size and quality of the labour force. As a market for domestic industry, it is too small and fragmented thereby limiting both the range of feasible industries and the scope for realising economies of scale in production.³² The constraints of small size also affect Cook Islands' attempts to

³². Te'o I.J. Fairbairn. 1985. Island Economies: Studies from the South Pacific. Suva: Institute of Pacific Studies. p.174

develop industrial activities in the manufacturing sector. Except for those industries which are geared to supply the needs of the tourist industry, and a few -- for example, garment etc.-- which are export-oriented, the overall record has been of little success.³³ Other effects of smallness and the scattered nature of the Cook Islands include high costs of internal shipping, and high costs of Government administration. In addition, and due largely to its small size -- especially in terms of land area -- Cook Islands has a narrow natural resource base, with the natural resources being agricultural crops, marine resources, the beauty and charm of the islands themselves, and, more recently as the international finance centre showed, its time zone location.

The geographical location of the country away from the main trading routes and its distance from its main source of import (New Zealand) and the very tiny volume of export on the return journey means that shipping is infrequent and freight costs high (e.g a container from Auckland to Suva -- a highly competitive route, costs \$1800, the same container to Rarotonga costs \$3,400). In turn, high freight rates reduce the competitiveness in the price of exports and raise the costs of imported goods for consumption and inputs and equipment that go into local production. Shipping in the 1960s and 1970s used to be heavily subsidized, both externally (by New Zealand) and inter-island (by the Cook Islands Government). This state of affairs led to distortions in the economy.³⁴ Subsidies were withdrawn in the 1980s. Attempts to develop shipping routes to other countries apart from New Zealand have met with very limited success.

³³. V.I. Wichman. 1988. Industrialisation as a strategy for Economic Development in Small Islands Economies : The Cook Islands Context. unpublished paper. p.3

³⁴. ibid.

Likewise, Cook Islands' attempts to develop air links on its own terms through its national carrier, Cook Islands International, was frustrated by its inability to compete in a fiercely competitive market. Thus, Cook Islands' external air links are dominated by Air New Zealand, and the Cook Islands has little control over fare structures, freight rates or scheduling.

An important feature of the demographic structure of the Cook Islands (which is shared by other New Zealand-associated states/territories, namely Niue and Tokelau, and to a lesser extent, the two Samoas and Tonga), and one that has important implications for economic development is the high rate of outward migration. For the Cook Islands, the heavy and sustained migration to New Zealand, which accelerated in the 1970s following the opening of the Rarotonga International Airport in 1974, has changed the country in many ways. Many observers, for example Fairbairn (1985) see this high rate of out migration in negative terms:

it has led to a decreasing workforce; a disproportionate loss of young people; a denuding of the outer islands; and a loss of skills and initiatives which the country can ill afford. It has also led to a high dependency ratio (the highest in the region next to Tokelau) due to a high proportion of children and aged in the overall population.³⁵

Some simple statistics appeared to support Fairbairn's observations. For example, in the ten year period from 1971 to 1981, the workforce decreased by 20 percent. This contraction of the workforce was described by the government planning office as a major

³⁵. Fairbairn, *op.cit.* p.174

factor in reducing the productive capacity of the economy and the economic viability of individual islands.³⁶ The decline in economic production reflected in the downward trend in the real value of GDP, was thought to be an effect of the contraction of the labour force. Thus, between 1970 and 1978 the real value of GDP declined by 26.6 percent.³⁷ In the same period, the contribution to GDP of the main productive sector (agriculture including fishing and pearl shells) fell from 27.7 to 17.4 percent.³⁸

b. Economic Trends

In the 1950s and 1960s, the Cook Islands economy made significant strides. The impressive economic growth rate which characterised the 1950s and 1960s has been attributed to a growing population and labour force and resurgence of copra production, the replanting of citrus fruits and the growth of the fresh vegetable industry, especially tomatoes, as well as a reliable shipping link to New Zealand.³⁹ The establishment of a fruit juice cannery and a clothing factory added further impetus in the later stages.⁴⁰ However, the very large increase in aid from New Zealand was perhaps even more important.

Table 5.1 summarises the economic trend over a period of twenty years (1970 to

³⁶. Cook Islands Government. 1982. Cook Islands: A Profile of the Economy and Policies for the Future. unpublished report. p.5

³⁷. Calculated from the figures in Fairbairn, op.cit. p.178

³⁸. Cook Islands Government, op.cit. p.5

³⁹. Fairbairn, op.cit. p.178

⁴⁰. Cook Is. Government, op.cit. p.5

1990). An important characteristic of the economy during this period (1970-1978) was the sharp decline in percentage terms of the contribution to GDP of Productive activities (i.e agriculture, manufacturing, construction, electricity, water and quarrying). The Table also shows that in the same period the economy underwent structural changes marked by the expansion of the services sector, which grew three-fold. The sustained growth of the services sector continued for next eight years at an average annual rate of 36 percent between 1978 and 1986. These structural changes which began in the early 1970s transformed the Cook Islands from a production to a service-based economy.

Table 5.1 GDP Estimates 1970-1990

(\$000 valued at current production prices)

	1970	1978	1986	1990
A. PRODUCTION				
Agriculture, Livestock & Fisheries	1720	3093	8034	16111
Manufacturing	907	905	3204	6000
Other Production	939	844	3119	1480
Total Production	3566	4842	14356	23591
B. SERVICES				
Wholesale & Retail trade, Hotels & Restaurants	835	4233	14526	38716
Public Administration & Public Community Services	1840	4472	14526	19893
Other Services	1601	4271	4424	--
Total Services	4266	12976	50010	58609
Total GDP	7832	17818	64336	82200

The rise in the share of the overall service sector is due to rapid growth in the

Public Administration and the Trade, Hotels and Restaurants components. In 1986, both components were equal in their contributions to the national income -- which suggests a more rapid rate of growth in tourism, and an impressive growth of public administration. The upward trend in the Trade, Hotels and Restaurants component continued, largely because of the consistent growth of tourism so that by 1990, it nearly doubled in dollar terms the contribution by Public Administration.

c. Government Finance and Fiscal Policy

Any government, the Cook Islands government included, would like to foster economic development, maintain and improve economic infrastructure, social amenities and services, and improving the material wellbeing and the quality of life of its citizens. But, a government's ability to perform this wide range of responsibilities depends on the funds it can generate from local sources (e.g taxation and levies) and external sources, including foreign aid and external borrowing. Table 5.2 shows the breakdown of Cook Islands government revenue by source for the financial years 1986 to 1991.⁴¹

Table 5.2: Government Revenue (NZ\$'000)
Please see print copy for image.

(Source: Cook Islands Planning Office. 1993. Macroeconomic Performance and Issues. Unpublished paper.)

⁴¹. The financial year ends at the end of March.

Most locally generated government revenue is from direct and indirect taxes. As part of Government's attempt to increase locally generated revenue, Government has introduced a comprehensive Turnover tax in, a tax on gross earning. Largely because of the Turn-over tax, revenue from direct taxation has increased from 37.7 percent of total revenue in 1986 to 53.9 percent in 1991. Tax revenue in 1993 equalled 29 percent of GDP.⁴² Increased internal revenue from indirect and direct taxes has helped filled the gap left by the decrease in New Zealand budgetary grant, which has declined in percentage terms from 24.7 percent in 1987 to 13.8 percent in 1991.⁴³ The New Zealand budgetary grant is scheduled to be phased out in 2007.

With the declining importance of the New Zealand budgetary grant, and given that government cannot continue to increase direct and indirect taxes without affecting the standards of living of Cook Islanders, the onus is on government to develop new sources of revenue. Most of the initiatives in the development of these new sources of revenue -- i.e, foreign investments, the International Financial Centre (*see pages 185-9*), and promotion and development of tourism etc. -- have implications for, and are an important component of, the country's foreign policy behaviour, which is the focus of the next chapter.

⁴². Cook Islands Planning Office. 1993. Macroeconomic Performance and Issues. unpublished paper. p.8

⁴³. ibid

CHAPTER SIX

COOK ISLANDS: FOREIGN POLICY BEHAVIOUR

1. INTRODUCTION

Beginning with a discussion of the development of the country's foreign policy machinery, this chapter then examines foreign policy behaviour under the four issue-areas identified in the introductory chapter and in Chapter Three, namely: political-diplomatic, military-security, economic-developmental and cultural. In line with the overall interests of the thesis, the examination of foreign policy behaviour will attempt to show how smallness, dependence and islandness affect the foreign policy behaviour of Cook Islands.

2. THE DEVELOPMENT OF FOREIGN POLICY MACHINERY

The Cook Islands foreign relations experience differs in some ways from most countries in the South Pacific and elsewhere, due mainly to its political status as a self-governing state in free association with New Zealand. Unlike most newly independent states where responsibility for foreign relations was transferred towards the end of the colonial rule, the development of the diplomatic machinery and external relations in the Cook Islands was gradual. While most countries were generally catapulted into handling their foreign relations on independence with little preparation, the Cook Islands was able

to bide its time to gradually develop diplomatic machinery suited to its needs, and in line with the increasing complexity of issues in its external environment, in the South Pacific region and beyond.

For the first seven years of self-government from 1965 to 1972, New Zealand administered the external affairs of the Cook Islands in accordance with the constitution. Cook Islands' involvement in external affairs at this stage was largely "on an ad hoc basis and in an administratively amorphous context."¹ To facilitate the consultation process in New Zealand's administration of the Cook Islands' external relations, the Premier assumed responsibilities for external affairs, and he consulted directly with Wellington on foreign relations issues. The few external matters that arose were handled in Wellington on the basis of ad hoc consultations and there was no need for a separate "External Affairs Department." External relations, in effect was little more than an additional responsibility of the Premier's Department, and as Jonassen pointed out, "the Premier in many ways constituted the entire External Affairs Department."²

Because Cook Islands' relations with the outside world were, at an early stage, largely dominated by the multi-faceted relations with New Zealand, there was little beyond the New Zealand/Cook Islands relations, except the Pacific island region. The Pacific Islands region was going through an exciting period as the process of decolonisation was gathering momentum. Such political developments were beginning to spill over to regional matters and developments. One ramification of decolonisation

¹. Jonassen, *op.cit.* p.25

². *ibid.*

on regional affairs was in the demands by Pacific islands leaders for structural changes within the South Pacific Commission and their attempts to establish their own regional organisations. Premier Albert Henry took an early interest in Pacific regional cooperation and played a prominent role in the development of endogenous regional cooperation. His first involvement with Pacific regionalism was in 1950 when he attended the South Pacific Conference in Fiji as an observer for the Cook Islands in the New Zealand delegation. Thereafter, his regional activities spanned thirty years. During this time, he developed comradeship with contemporaries in other Pacific islands countries notably Western Samoa, Fiji, Tonga and Nauru. Together they began a process of 'regionalising' Pacific regionalism, beginning with demands for structural changes within the South Pacific Commission and the establishment of the South Pacific Forum in 1971.

From an early stage, the Cook Islands government quickly realised the importance of being involved in regional affairs. Immediately after self-government, the Cook Islands was represented by a Cabinet Minister at the 1965 South Pacific Conference at Lae, Papua New Guinea.³ At this meeting, the Cook Islands delegate supported moves by Ratu Kamisese Mara of Fiji in favour of giving the South Pacific Conference (and through it, representatives of Pacific countries and territories) a greater role in deciding on the work of the Commission.⁴ Shortly after the Lae meeting, the Cook Islands government sought

³. Stone, *op.cit.* p.331

⁴. This event is regarded as a watershed in the history of Pacific regionalism for it marked the beginning of a series of demands which not only resulted in the changes within the South Pacific Commission, but also led to the establishment of 'endogenous' regional institutions. For a detailed analysis of this event, see Uentabo F. Neemia. 1986. Cooperation and Conflict: Costs, Benefits and National Interests in Pacific Regional Cooperation. Suva : Institute of Pacific Studies. ch.3; and Greg Fry. 1980. South Pacific Regionalism: Development of Indigenous Commitments. MA thesis. Canberra: Australian National University.

and obtained observer status at discussions on the banana industry held in Apia, Western Samoa between representatives of Fiji, Western Samoa and Tonga. These talks led to the establishment of the Pacific Islands Producers' Secretariat (later Association) of which the Cook Islands was a full member.⁵ The Pacific Islands Producers' Association (or PIPA as it was commonly known) was the first endogenous intergovernmental Pacific organisation created by Pacific islands leaders. In all these external involvements, Cook Islands had the support and encouragement of the New Zealand Prime Minister.

Apart from regional affairs, other prominent external affairs of the Cook Islands in the early days of free association included protests for violations of the territorial integrity and immigration laws of the Cook Islands by unauthorised fishing boats, and complaints to France about its nuclear testing in French Polynesia.⁶

Cook Islands' most ambitious foreign relations initiative at that early stage was its attempt to establish closer relations with French Polynesia.⁷ The impetus for this initiative was a combination of cultural and economic factors. Culturally, Cook Islanders and the Polynesians (Maohis) of French Polynesia have long-standing cultural and kinship ties. Economically, the Premier was interested in developing trade, particularly the export of fruits and vegetables to the Tahiti market. A mission was sent to Tahiti in March 1968 to explore the possibilities of marketing Cook Islands products in Tahiti, but had little success.⁸

⁵. U.F. Neemia, *op.cit.* pp.25-26.

⁶. Jonassen, *op.cit.* p.26

⁷. Stone, *op.cit.* p.332

⁸. *ibid.*

With increasing involvement by Cook Islands in regional and international affairs, the need for a separate division of government dealing with foreign affairs was felt. Towards the end of 1970 a proposal for the establishment of an External Affairs Division was presented to the Legislative Assembly. The proposal listed the responsibilities of the new division as:

- (I) All relations with international and regional organisations such as the United Nations agencies and the South Pacific Commission;*
- (ii) Tapping and coordinating foreign aid; Focus on technical assistance; Working in conjunction with the Planning Unit in meeting the developmental needs of the Cook Islands.*
- (iii) All other matters of external affairs such as visits by overseas dignitaries and foreign vessels.⁹*

These responsibilities fall under three main, but overlapping areas, namely Diplomacy, Economic Development and Protocol.¹⁰

The proposal was approved by Parliament, and in April 1971 an External Affairs Section was established in the Premier's Department. The two-man External Affairs section was under the control of Albert Henry's grandson. It lost no time in exploring the possibility of tapping Australian aid. Jonassen has pointed out that the External Affairs team went further than investigating the possibility of Cook Islands receiving Australian aid, they also looked into the possibility of the Cook Islands "being included under the

⁹. Cook Islands Government. 1972. Report on the Premier's Department for the Year Ended 31 December 1971. Rarotonga pp.4-5.

¹⁰. ibid

aegis of Australia."¹¹ Understandably, New Zealand did not view the latter favourably as it gave the impression that aid and presumably other benefits to Cook Islands from New Zealand were inadequate, "thus reflecting negatively on New Zealand."¹² Whatever the main motive for such a move, it seems to suggest the desire by Cook Islands officials at that early stage to add to the multi-faceted dyadic relationship with New Zealand.

In 1974, External Affairs was enlarged and made a division within the Premier's Department in addition to Outer Islands Affairs and Central Administration. Three years later, in 1977, another re-organisation was implemented in which External Affairs became part of the Ministry of Planning and External Affairs. The Act which set up the new Ministry defined the functions of the External Affairs Division as:

*(a) to administer, coordinate and direct the government's foreign relations; (b) to provide Government's channel of communications with all other governments and inter-governmental organisations; and (c) to advise Government on all matters relating to its external affairs, including matters of protocol.*¹³

Thus, for twelve years of self-government the Cook Islands gradually developed its diplomatic machinery in line with its needs and external interests, as perceived and defined by its government. In the process, the discharge and control of external affairs responsibility gradually shifted to the Cook Islands. With its special relations with New Zealand as a 'safety net' and the means through which more expensive relations further

¹¹. Jonassen, op.cit. p.29

¹². ibid.

¹³. Cook Islands Government. 1977. Legislative Assembly of the Cook Islands : Bills Presented 1977. Bill No. 22-1

afield are serviced, Cook Islands was able to explore new external relations. Short (1987) remarked that "the important aspect of New Zealand-Cook Islands relations was that it allowed the Cook Islands [government]...to move at [its] own pace."¹⁴ As part of the efforts to strengthen the new ministry, officers were sent for tertiary training overseas.

With a full-fledged foreign policy machinery in place in the home-base, it was now possible to reach out into the external environment to formalise, facilitate and consolidate existing relations, and to explore new ones. In 1977 a Legislative Act was passed establishing a Trade Commissioner to New Zealand and the appointment of honorary consuls. The trade office in Auckland became the Cook Islands Consular Office in 1980, and Cook Islands honorary consuls were appointed in Tahiti and Hawaii.

3. POLITICAL-DIPLOMATIC ISSUE-AREA

a. *Bilateral External Relations*

The only resident full diplomatic mission in the Cook Islands is the New Zealand High Commission. Other resident foreign representatives include the Consul for France, and the Honorary Consul for Chile. Other accreditations are, almost in every case, through Wellington. Countries whose missions are accredited to the Cook Islands from Wellington include Australia, Britain, Canada, Peoples Republic of China, Germany, Malaysia, Nauru, Netherlands, Norway, South Korea and the United States of America.¹⁵ These accreditations do not present the total picture of Cook Islands' bilateral relations

¹⁴. Short, *op.cit.* p.178

¹⁵. Steve Hoadley. 1992. The South Pacific Foreign Affairs Handbook. Sydney : Allen and Unwin. p.78

as some countries have assumed (incorrectly from the point of view of the Cook Islands government) that by being in Wellington, they were also accredited to the Cook Islands.¹⁶

These countries seem to regard the Cook Islands, for diplomatic purposes, as an extension of New Zealand. This may be attributed to the Constitutional provision which vested the discharge of the responsibility for foreign affairs with New Zealand. It may also be due to the fact that the obligations and rights under the Vienna Convention were extended to the Cook Islands from New Zealand without the former acceding to it independently.

Although recognition of a state by another may occur without accreditation, countries like Cook Islands -- which have a political status which is bound to be misunderstood, because of its difference from the majority of newly independent states -- need accreditations because they regard them as more concrete indications of recognition by other states that the Cook Islands is not different from any other independent state. Because accreditations are often initiated by the other states, they may not necessarily indicate Cook Islands' external interests and its foreign policy objectives. An indication of Cook Islands' external interests as perceived by its government and decision makers can be gauged by analysing initiatives taken by Cook Islands officials, and responses to issues in the external environment. One form of initiative -- and there are many forms of initiatives within foreign policy behaviour -- is overseas representation. The decision to establish a mission or other forms of representation in another country often implies the importance of that country from the point of view of

¹⁶. Aukino Tairea, personal communication . 27 October 1992

the sending state, and the interests and objectives the sending government hopes to achieve. Bearing this in mind, an attempt will now be made to analyse the pattern and concentration of Cook Islands overseas representation.

As of October 1993 Cook Islands was represented in six countries: New Zealand (by a Representative in Wellington until 1993, then upgraded to High Commissioner and a Consul in Auckland), Australia (by a Consul in Sydney and a Procurement officer in Canberra, and a High Commissioner in 1994), USA (by an Honorary Consul in Honolulu, Hawaii; there was also a Honorary Consul in Washington from 1980 to 1990), French Polynesia (by a Representative in Papeete) and Norway (by an Honorary Consul general in Oslo).

From the perspective of the Cook Islands each of these countries, with the exception of Norway, is important to Cook Islands national interests in more than one area. New Zealand has special significance to the Cook Islands. It is, as Bellam pointed out, a multifaceted patron. Elaborating on the special significance of New Zealand to Cook Islands, Hoadley (1992) observed:

Cook Islands law, education, currency and professional practices are modelled on their New Zealand counterparts, and English is widely spoken with a New Zealand accent. Administration and the judiciary rely on seconded New Zealand officers, and 16 per cent of the budget is financed by New Zealand aid... New Zealand is the source of finance, construction capacity and managerial expertise for the country's major infrastructure, communications and transportation amenities, including telecommunications (New Zealand Telecom) and air and sea transportation (Air New

Zealand and the New Zealand Shipping Corporation), and is the destination of a bulk of the exports and the source of the most tourists. Under the free association arrangements, Cook Islanders are also New Zealanders and migrate freely.¹⁷

Although Hoadley's observations were true in 1970s, most of them were no longer true in the 1990s as Cook Islands sought to diversify the sources of its external dependence. In a critique of Hoadley's observations on Cook Islands/New Zealand, Crocombe pointed out that (his lengthy comments are reproduced in full here because they illustrate the extent of the Cook Island government's deliberate attempts to reduce its dependence on New Zealand):

In the legal profession, while most legal officers have been New Zealanders, an increasing proportion are Cook Islanders, and the top legal post (that of Advocate General) was filled by a Canadian, specifically to operate beyond New Zealand. New Zealand is now far from the sole source of expatriate administrative personnel. For example, the Prime Minister's private secretary is from USA, the head of the National Development Board from Canada, the head of Special Projects from USA, the only non-indigenous person in Protocol is from the United Kingdom, and so on. Through government services, the range of countries from which expatriate officers come has been continuously widening. New Zealand was the source of 16% of aid in 1990, but this proportion has been steadily declining in an agreed phase-out of budgetary aid. Moreover, there is now one-tenth budgetary aid in the sense of an untied

¹⁷. Hoadley, *op.cit.* p.76

grant to the Cook Islands Treasury. Budgetary aid is now directed exclusively to Education and Health. Hoadley's comment that "New Zealand is the source of finance" is not true. Most [development] finance to the Cook Islands at the time Hoadley was writing was coming from Italy (the Sheraton project, the largest user of foreign finance), France (the power plant, water supply and other projects), Australia (Edgewater Resort and others), the Asian Development Bank (funds for housing, agricultural and business lending, and for the new central building), USA (initiation of the pearl industry in Penrhyn). New Zealand was conspicuous by its absence.

Telecom New Zealand is a minority partner in Telecom Cook Islands, but Telecom New Zealand is owned mainly by Americans. Air New Zealand (in which the main shareholder is a London-based company), also has Qantas, Japan Airlines and American Airlines as shareholders. The New Zealand Shipping Corporation, which Hoadley claimed to be the major sea transportation link between New Zealand and the Cook Islands had ceased to exist before Hoadley wrote, and almost all cargo between New Zealand and the Cook Islands is shipped on the Cook Islands Shipping Company (mainly Cook Islands owned) and Translink (mainly French owned). New Zealand, as indicated earlier, is no longer the destination of the bulk of the Cook Islands' exports. The International Finance Centre, the country's second largest industry, is mainly owned by non-New Zealand interests and serves an overwhelmingly non-New Zealand clientele.¹⁸

It is obvious from these facts that although New Zealand continues to be the Cook Islands' multifaceted patron, its dominance and Cook Islands' dependence on it has

¹⁸. Ron Crocombe, personal communication . 19 January 1994.

significantly been reduced.

France is important to the Cook Islands as a source of development assistance. In 1989, Cook Islands sought and got a US\$5.7 million loan with concessional interest rate from the French Government's Caisse Centrale de Cooperation Economique. The loan funded a new power supply project for Rarotonga.¹⁹ An important element in Cook Islands/France relations is French Polynesia. Cook Islanders have intimate cultural and kinship relationships with the Maohi²⁰ of French Polynesia. Jonassen (1982) underlines the importance of the Cook Islands/French Polynesia relationship in the following terms:

*Tahiti has been an important point of contact with many Cook Islanders, especially migrant workers, entertainment groups, and those wanting to make a home in Tahiti. In fact, one whole tract of land was acquired by the Atiu people on Tahitinui. Located in Patuto'a, the land was purchased in 1895, in the name of three Arikis (High Chiefs) of Atiu...French Polynesia is considered by some as having the largest concentration of overseas Cook Islanders after New Zealand.*²¹

Prime Minister Geoffrey Henry succinctly underscores the cultural and kinship ties between his people and the Maohi of French Polynesia:

The fact of the matter, of course, is that [Maohi] are our cousins, and we have always been that way. [They] are part of the same

¹⁹. EIU Country Report . 1990. no.1. p.57

²⁰. Maohi is the name preferred by the indigenous people of French Polynesia who dislike being called French Polynesians because of its obvious colonial connotations. Some people use the term 'Tahitians', but this is an insult to, or an expression of indifference towards those, from the other islands.

²¹. Jonassen, op.cit. p.44. While French Polynesia would have the second largest number of resettled Cook Islanders at the time Jonassen wrote, Australia has since come to occupy that place.

*stock of race....We speak the same language, sing the same songs, [and] dance about the same way....What has happened is, a political system has come between us.*²²

The different political systems and French and English languages "have tended to serve as a wedge that widens the relationship between our two peoples and countries."²³ Conscious efforts, however, have been made by Cook Islanders and Maohis to close the gap through closer bilateral relations.

In fact, without Cook Islands' intimate relationship with French Polynesia, relations with France would not be as important. Because of its geographical proximity to, and its sharing of a common border with, French Polynesia, Cook Islands successfully sought a Treaty of Cooperation with France. The Treaty covers a range of matters which include delimitation of maritime boundaries, education, social and cultural exchanges, development assistance, and joint surveillance of the two countries' EEZs.²⁴ Cook Islands' negotiation of a treaty with France is reported to have caused some surprises in New Zealand.²⁵ In fact, Cook Islands' special relations with French Polynesia has sometimes, though mistakenly, give other countries, particularly New Zealand, Australia and other Pacific island countries, the impression that Cook Islands is pro-French.

French Polynesia is also a market for Cook Islands produce. In 1991, French Polynesia was the second largest market for Cook Islands exports of vegetables and fruits

²². Pacific Islands Monthly, July 1990 p.53

²³. ibid.

²⁴. ibid.

²⁵. The Economist. 1990. "Other Pacific Islands : Cook Islands" EU Country Report . No.2. p.57

after New Zealand,²⁶ though it is still minor despite decades of trying to expand it.

Australia is an influential country in the South Pacific region and a leading player in South Pacific regional affairs. It is also a major source of development assistance to Cook Islands. Since 1982, Australia has contributed the second highest bilateral assistance after New Zealand. In the period 1981-87, Australian aid increased from NZ\$350,000 in 1981 to NZ\$1.562 million in 1987, and it continues to grow.²⁷ In percentage terms, of Cook Islands' total aid receipts in the period 1981-87, Australia contributed 8.6 percent, New Zealand 80.2 percent, UNDP 4 percent, the rest was from other donors.²⁸ Australia is also a significant tourist market. In the ten years period from 1981 to 1991, visitors from Australia increased almost five-fold. In 1991 Australia ranked third after New Zealand (contributing 28.2 percent of the total number of visitors) and Europe with 11.3 percent. Other significant sources of tourists after Australia in 1991 include USA (11 percent) and Canada (9.8 percent).²⁹ Australia is also a significant source of imports, accounting for 5 percent of the total value of imports in 1990.³⁰ Australia's share of the import trade is substantial given the traditional dominance of imports from New Zealand. Australia was also a major source of clients for the Financial

²⁶. Cook Islands Government. 1992. Exports, Avarua : Statistics Office, Table 1, p.2.

²⁷. Cook Islands Government. 1988. Second Development Plan (1988-1992), Avarua, p.36

²⁸. ibid.

²⁹. Cook Islands Tourist Authority n.d. Visitors Arrivals to the Cook Islands: Total Visitors by Market Area 1981-1991. The rest (8.7 percent) is made of visitors from other Pacific Islands, French Polynesia, Asia, other countries and visiting Cook Islanders from New Zealand and Australia.

³⁰. Cook Islands Government. 1992. Cook Islands Imports Statistics 1990, Avarua : Statistics Office. See Table 5 pp.26-55.

Centre, and 'home' to many Cook Islanders who have direct access to Australia by virtue of their holding New Zealand passports.

USA is a partner in the Cook Islands/USA Delimitation Treaty, a source of clients for the Financial Centre, a tourist market contributing 11 percent of visitors in 1991 and, especially in the case of the State of Hawaii, an export market ranked fifth and accounting for 2.8 percent of the export trade in 1991, and an important transit point through which tourists visit Cook Islands. The US, especially the State of Hawaii, also provides educational opportunities and tertiary training (at Brigham Young University, University of Hawaii and the Kamehameha Schools) for a substantial number of Cook Islanders. The numbers are significant (about a quarter of all Cook Islands students at university are in USA), and an alternative to the New Zealand educational system on which education in the Cook Islands is significantly modelled.

The pattern of Cook Islands' bilateral external relations can be represented in broad terms as a set of concentric circles with each outer ring reflecting a lesser level of interest and importance than the inner one.³¹ At the epicentre is New Zealand given its special and multi-dimensional relationship with Cook Islands, at both official and non-official levels. Next in importance, hence in the immediate outer ring from the epicentre, are French Polynesia (and through French Polynesia, France), Australia, USA (particularly, the state of Hawaii).³² Each of these countries/territory is important to Cook Islands in more than

³¹. The concentric cycle representation of external relations is adapted from G.K.A. Kumaraseri. 1992. Professional Diplomacy and Foreign Affairs Management : The Malaysian Experience . Selangor Darul Ehsan : Pelunduk Publications. pp.105-106

³². In terms of psychological and kinship closeness, French Polynesia would be the closest, but, if one quantifies trade, aid, finance, education, tourism etc, then French Polynesia would rank third after

one way. In each of them, Cook Islands maintains a resident representative (i.e Honorary Consulates in Honolulu and Papeete, and a High Commission in Canberra).

In the next ring, can be found:

(a) Some South Pacific countries with which Cook Islands deals (for example, Fiji, in the case of trade, especially imports and re-exports worth NZ\$3.6 million in 1990, and host to a number of regional institutions of which Cook Islands is a member); (b) Those with whom Cook Islands shared specific interests (for example, Niue in relation to their special relations with New Zealand); and (c) Those with whom Cook Islands shared common interests (for example, the small island states of Kiribati, Tuvalu, Niue, Nauru -- countries which, together with the Cook Islands promote the interests of the very small Forum states, in the Small Island States Summit -- the G5, as the Prime Minister of the Cook Islands often refers to this grouping of island microstates). In the next ring, one might place countries which are important to Cook Islands, but with only a few elements in the relations, and the interaction is not as intensive or multi-dimensional as in the previous circles (for example, Japan, South Korea and Taiwan - fisheries and small amounts of aid). In the next ring can be found countries where the major element in the relations is at developmental stage (e.g. Canada, Germany, and Italy). The first two countries currently provide small amounts of aid to Cook Islands. Italy has not contributed aid in the form of a direct grant, but Italian bankers ICLE provided the Cook Islands government with a loan of NZ\$81million for the Sheraton Hotel project. In 1990, Prime Minister Geoffrey Henry led a delegation to the four countries. Funded by UNDP, the trip

intended to identify potential donor agencies and present them 27 priority development projects which included housing, education, health services, flood protection, a national fisheries complex, an inter-island vessel, solar electrification, harbour development and waste disposal.³³

In the outermost ring, one might place all those countries which presumed to be accredited to the Cook Islands by virtue of their being in New Zealand, and with which Cook Islands has minimal interactions.

d. Regional and Other Multilateral Relations

Cook Islands is not a formal member of the Commonwealth in its own right, due largely to its free association status with New Zealand. It has not sought membership of the United Nations, partly because of its political status, and to a lesser extent, because of costs considerations. With the admission into the United Nations of small and associated states such as the Federated States of Micronesia and the Republic of the Marshall Islands, the Cook Islands government is now considering seeking membership of this important body. Nevertheless, the Cook Islands is an active member of several specialised United Nations agencies such as ESCAP, UNDP, UNESCO and WHO and in such other Asia-Pacific agencies as the Asian Development Bank. These UN specialised agencies provide development assistance additional to that provided through bilateral relations.

Cook Islands is an active participant in South Pacific regional institutions - the

³³. *Pacific Islands Monthly*. June, 1990 p.24. Although, the Philippines was included in the itinerary of the group, it was largely because of the Manila-based Asian Development Bank.

South Pacific Forum, South Pacific Commission, Forum Fisheries Agency, Pacific Forum Line, South Pacific Applied Geoscience Commission, University of the South Pacific, South Pacific Environmental Programme, Pacific Islands Development Program and the Tourism Council of the South Pacific. The Cook Islands' Prime Minister, Sir Geoffrey Henry has been the Chairman of the Standing Committee of the Pacific Islands Development Program (1990 to 1995), was Chancellor of the University of the South Pacific (1992 to 1995), and he is a respected, influential, and outspoken regional leader.

From the point of the Cook Islands government, Pacific regional organisations are supplementary to bilateral development partners. They are also important as vehicles for collective self-reliance in Cook Islands' immediate external environment and, to some extent, contribute to diluting the country's dependence on New Zealand.

4. MILITARY-SECURITY ISSUE-AREA

a. Defence

Responsibility for the defence of the Cook Islands in accordance with the Cook Islands Constitution was vested in New Zealand. But this only applies in the case of a highly unlikely scenario involving acts of aggression from an hostile country. Security from internal threats are, because of the country's small population, within the capability of the Cook Island Police Force.

Sir Tom Davis, former Prime Minister of Cook Islands believes that if such unlikely scenario of external attack should occur, New Zealand could not effectively

defend the Cook Islands without cooperation from other ANZUS partners.³⁴ But, this perception is not totally correct as New Zealand's ability to defend the Cook Islands depends on the nature and source of the threat.

The ANZUS Treaty is a tripartite defence and security arrangement between Australia, New Zealand and USA. Signed in San Francisco in September 1951, the treaty provides, among other things, for collaboration and joint consultations in maintaining and developing the treaty partners' individual and collective capacity to resist armed attack in the Pacific. Article V, in particular, is pertinent to Cook Islands' (and other Pacific island states') concerns:

*...an armed attack on any of the Parties is deemed to include an armed attack on the metropolitan territory of any of the Parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific.*³⁵

Thus, when the new Labour Government in New Zealand under David Lange decided soon after its election in July 1984 to declare New Zealand nuclear-free, Prime Minister Sir Thomas Davis of the Cook Islands felt very strongly that the rupture caused by that decision could seriously undermine the security of the Cook Islands.³⁶ He therefore disassociated his government from the New Zealand anti-nuclear policy, and

³⁴. Sir Tom Davis, personal communication. 4 December 1993

³⁵. Quoted in Alan Burnett .1988. The A-NZ-US Triangle . Canberra: Strategic and Defence Studies Centre, ANU. p.113

³⁶. Davis' view is consistent with the view expressed by New Zealand's former heads of armed services in a joint paper opposing the Labour Government's nuclear free policy. The paper argues that there can be no effective defence arrangement for the South Pacific region without the participation of the United States. See Burnett, op.cit. p.96

adopted an independent 'options-open' policy towards visiting nuclear vessels if ever such a request was made.³⁷ Davis' stand was more than a direct response to New Zealand's nuclear free policy. It reflected his long-held belief that the security of the Cook Islands could only be guaranteed within the context of the ANZUS Treaty. That belief was implicit in the comments he made during his 1979 visit to New Zealand when he said that the Cook Islands should commit itself to the ANZUS Treaty and seek membership of it, a commitment which may, if required, mean making available to the US navy the deepwater harbour at the northern island of Penrhyn which is "big enough for the whole [US] fleet."³⁸ To a considerable degree, Sir Thomas Davis' faith in ANZUS, and in particular, the US, can be attributed to his long years of experience in the US in Harvard University as a student and later a faculty member, as a research scientist for NASA and as a civilian with the rank of a three-star general in the US military.³⁹

Like its predecessor, the present government of Prime Minister Geoffrey Henry does not see the likelihood of being confronted by an external aggressor.⁴⁰ As Prime Minister Henry pointed out, the main concern of his Government is for a "system that allows the Cook Islands, along with other small island nations, the comfort of knowing that our assets -- especially our exclusive economic zones -- are well protected."⁴¹ Prime

³⁷. Cook Islands News . 24 August 1984

³⁸. Pacific Islands Monthly . April 1979, p.27

³⁹. For details of Sir Thomas Davis' career in the US, see, Sir Thomas Davis. 1992. Island Boy, Suva : Institute of Pacific Studies.

⁴⁰. Pacific Report . 1993. vol. 5, no 8. p.3

⁴¹. ibid

Minister Henry's comment summarised the position of the present Cook Islands government on military/security issues, that is, defence is not the main issue but other areas such as maritime surveillance and protection of the country's natural resources from poaching and unauthorised exploitation by foreign interests, which are perceived to be important security issues. This position of the Cook Islands on security is very similar to the position of other small states' governments in the Pacific or elsewhere on security with the small 's' as the main concern.⁴² What this means is that security in its fullest sense, but with a strong economic bias, is the main concern rather than security from external acts of aggression in the military sense. The position of the Henry government was reflected in the initiatives and actions his government has taken on the marine surveillance issue, as discussed below.

b. Surveillance

The Cook Islands has an Exclusive Economic Zone of around two million square kilometres, the third largest in the South Pacific. The zone is moderately rich in living resources (e.g commercial species such as tuna) and potentially exceedingly rich in non-living resources. Large deposits of phosphate, cobalt and manganese nodules, and trace elements have been located on the Manihiki plateau and in the Aitutaki trench. At shallow levels, there are precious corals and pearls, which have been developed in a number of islands . However, this huge expanse of maritime territory requires a surveillance

⁴². For example, as Harden, op.cit. p.7 points out: "...it is the vulnerability on the economic front of the Maldives and other micro-states that is the chief concern of President Gayoom. He sees a new deal between the economic 'Davids and Goliaths' as central to the whole search for a long-term solution to the security of microstates."

capability to keep poachers away from illegally exploiting the living marine resources, and ensuring that the Cook Islands maximise benefits from its natural resources.

While the potential of seabed minerals will take some time to be realised, the main emphasis by the Cook Islands government at present is to maximise returns from its fisheries resources. The Cook Islands does not have the direct extraction capacity to harvest these resources, so it licenses others to exploit them for a fee. Since 1980 Cook Islands has entered into bilateral fisheries access agreements with South Korea, Taiwan and Japan, a multilateral fisheries agreement with the US, and an exploratory fishing agreement with Norway. Relative to other island microstates, in particular Kiribati, fisheries access agreements have not been a major contributor of government revenue nor foreign exchange, largely because the main commercial specie, tuna is not abundant in Cook Islands waters.

Mindful of its vulnerability to poaching, the Cook Islands government has been trying to develop its own surveillance capability as well as entering into collaborative bilateral and multilateral arrangements with other countries. In 1990, the Cook Islands accepted a patrol boat donated under Australia's Pacific Patrol Boat Project, a project initiated in 1983 to provide Forum island countries with surveillance boats for their exclusive economic zones. It is interesting to note here that Cook Islands' acceptance was conditional on Australia meeting a large part of the operational costs of the boat, in addition to training the master and engineer, and helping in the development of a naval base at Penrhyn. Supplementing its own surveillance capacity, the Cook Islands is a participant in regional surveillance efforts under the aegis of the South Pacific Forum

Fisheries Agency.

Most aerial surveillance for the Cook Islands is done by Australia and New Zealand. In 1991 Cook Islands concluded an arrangement under its treaty of cooperation with the French whereby the surveillance activities between the Cook Islands and French Polynesia are coordinated and integrated. Under this arrangement, the surveillance capacity of the Cook Islands will be enhanced when its one patrol boat will be augmented by three French patrol boats and French planes providing aerial surveillance.⁴³ The possibility of joint surveillance with Kiribati, which shares Cook Islands' north-eastern border, has been explored by both countries. This collaborative surveillance effort is now more likely eventuate following the advent of the Convention on Co-operation in Fisheries Surveillance and Law Enforcement in the South Pacific Region. Also known informally as the Niue Treaty, the Convention provides, among other things, for the "development of regionally agreed procedures for fisheries surveillance and enforcement."⁴⁴

On the issue of surveillance, it is important to note that Cook Islands has done more than other Pacific countries which generally relied on their own capacities supplemented by regional efforts. Cook Islands has gone further by coordinating its efforts with its immediate neighbours (i.e Kiribati and French Polynesia).

⁴³. Pacific Islands Monthly, July 1990, p.53.

⁴⁴. Anthony Bergin. 1993. "New Fisheries Agreements Concluded in South Pacific." Ocean and Coastal Management. vol. 17, no.3, ff.

c. Environmental Issues

Environmental issues have increasingly been regarded in island microstates as an important component of security in the general sense. The growth of international interests in global warming and rising sea-levels has brought environmental issues to the forefront of island microstates' diplomatic efforts. As far as the Cook Islands is concerned, rising sea-levels are likely to affect its low-lying atolls of the Northern Group, as well as Manuae, Takutea, coastal Aitutaki and coastal Rarotonga. Because of the small size and limited political leverage of Cook Islands, regional and international conventions and initiatives have shown to be among the most effective means of addressing global, regional and many national environmental issues and problems. Cook Islands is a signatory, or has acceded to the following environment-related conventions: Convention for the Protection of the Natural Resources and Environment of the South Pacific Region (also known as the SPREP Convention), South Pacific Nuclear Free Zone Treaty (also known as the Rarotonga Treaty), the Tarawa Declaration and the Convention for the Prohibition of Fishing with Long Driftnets in the South Pacific. Through these conventions, Cook Islands' hopes to ensure success for its efforts in addressing its environmental problems.

One of the major environmental issues in which Cook Islands has long been involved in, particularly in opposing it, is nuclear testing. Largely because of the proximity to the then British test site at Christmas Island and French tests at Mururoa Atoll in French Polynesia, Cook Islands was one of the early vocal protesters against nuclear testing in the South Pacific. In 1956, when the British announced the

commencement of nuclear testing at Christmas Island (now part of Kiribati), the Rarotonga Island Council made a submission to the Cook Islands Legislative Assembly expressing great concern and asking that the tests be shifted to some site further from the Cook Islands.⁴⁵ In 1963, the Cook Islands Legislative Assembly resolved to protest against the proposed French nuclear tests at Muroroa "as a serious menace to health and security in the South Pacific."⁴⁶

In retrospect, Cook Islands' anti-nuclear stand was one of the first foreign policy issues to engage the Cook Islands legislature's interest at an early stage of the island microstate's political evolution as an international actor. Initially the protests were channelled through the New Zealand authorities, but later, as the Cook Islands began to participate in regional affairs in its own right, regional meetings were used to voice Cook Islands' protests and concerns. Ogashiwa (1991) has asserted that in contrast to Western Samoa which was the only independent Pacific country in the early to mid-1960s, Cook Islands was vociferous in its anti-nuclear stand.⁴⁷

In July 1965, the Cook Islands delegate to the South Pacific Conference, Apenera Short, initiated a discussion against French nuclear testing, but failed to get the Conference to make a stand on it when France insisted that the discussion contravened the 'no politics' rule of the Conference.⁴⁸

⁴⁵. David Stone, *op.cit.*, pp.154-155

⁴⁶. *ibid.*, p.156

⁴⁷. Yoko Ogashiwa. 1991. Microstates and Nuclear Issues : Regional Cooperation in the Pacific, Suva: Institute of Pacific Studies. p.39

⁴⁸. Pacific Islands Monthly, August 1965, p.30

The founding of the South Pacific Forum in 1971 provided another, potentially more important and regional avenue, through which the Cook Islands' anti-nuclear protest was channelled. In the April 1973 meeting of the South Pacific Forum, Premier Albert Henry condemned French nuclear testing and distributed copies of his Legislative Assembly's anti-nuclear motion.⁴⁹ A month later, in a move which expressed Henry's strong anti-nuclear stand, he refused landing permission for charter flights bringing the Tahiti rugby team to the Cook Islands, "pending outcome of international activities concerning nuclear protests, that is, presentation of the issue by Australia, New Zealand and Fiji to the International Court of Justice."⁵⁰ Cook Islands' anti-nuclear stand again found expression in the September 1973 South Pacific Conference in Guam when the Cook Islands delegation proposed a resolution condemning French nuclear tests. It was probably in anticipation of a French walk-out in protest at the discussion of nuclear issues -- something the French had often insisted to be 'political', and therefore outside the competence of the Conference -- that Premier Henry sent a forthright message:

*If France walks out of the conference, it is our duty to help France walk out, not only of the conference, but also of the Pacific.*⁵¹

Despite a strong protest from the French delegation, the Conference adopted the resolution.

The strong anti-nuclear stand by the Cook Islands immediately before, and during

⁴⁹. Cook Islands News, 18 April 1973, Quoted in Yoko Okoshiwa, op.cit. p.40

⁵⁰. Pacific Islands Monthly, June 1973 p.8

⁵¹. Ogashiwa , op.cit. p.40

the first decade of, self-government was due, to a large degree, to the personal experiences of Premier Albert Henry. His trades union and Labour Party experience in New Zealand gave him a strong personal interest in opposing nuclear tests.⁵² He was active in the anti-nuclear movement in New Zealand in the 1950s as evident in the fact that he had addressed a rally of Hiroshima Day protestors.⁵³ Later, as Premier, he declined two opportunities to visit Tahiti because he felt such visits would weaken the spirit of the protests.⁵⁴ He also "refused permission for any French aircraft connected with the tests to use airstrips in the Cook Islands."⁵⁵ In part, Cook Islands' anti-nuclear stand was also due, as pointed out earlier, to its proximity to the test site at Mururoa. As Premier Henry stated in his radio message:

we are the closest to the French islands where the tests are to take place. Our voice may be small, but if anyone has the right to speak out, then surely it is the Cook Islands."⁵⁶

In 1978 Dr (later Sir) Thomas Davis became Premier. Under him, Cook Islands was not as vociferous in its anti-nuclear stand as during Albert Henry's time. This does not mean that there was a shift in Cook Islands' stand on nuclear testing. Rather, the new Government took a cautious approach to the issue of nuclear testing. If the Davis-led

⁵². Pamela F.I. Pryor. 1983. "The Cook Islands: Politics as a Way of Life, Part 1 : The Process of Political Development." In R.G. Crocombe and Ahmed Ali, eds. Politics in Polynesia, Suva: Institute of Pacific Studies. p.166

⁵³. Stone, op.cit., p.156

⁵⁴. Ogashiwa, op.cit., p.39

⁵⁵. ibid.

⁵⁶. Quoted in Stone, op.cit., p.157

government was cautious in its approach to French nuclear testing, it was vocal on the issue of nuclear waste dumping. In 1980 at the meeting of the South Pacific Forum at Tarawa, Kiribati, Premier Thomas Davis spoke strongly against a Japanese plan to dump nuclear waste in the Pacific Ocean. A Cook Islands sponsored resolution condemning nuclear waste dumping was adopted at that meeting. Thus, nuclear issues were still at the forefront of Cook Islands diplomacy despite the change of government.

The rather reluctant approach to French nuclear testing by the Cook Islands Government under Sir Thomas Davis, and later Sir Geoffrey Henry, was motivated by the desire not to alienate Maohi leaders, who were increasingly assuming executive positions in the territory's government, and depended on nuclear test related activities for its revenue and other economic benefits. The interest and advice of Maohi leaders is very much central to Cook Islands' pronouncements and stand on French nuclear testing. With its signing of the South Pacific Nuclear Free Zone Treaty (otherwise known as the Rarotonga Treaty) with other Forum island countries⁵⁷ on the 40th anniversary of the bombing of Hiroshima in August 1985, the Cook Islands government can now hide behind the facade of this regional treaty and the collective position of the Forum to either criticise French nuclear testing without alienating France or the French Polynesia government, or not to take any actions at all. The use of the collective position of the Forum by Cook Islands as a justification of its position on issues which affect Cook Islands/France relations or official Cook Islands/French Polynesia relations, such as opposing French nuclear tests on Mururoa, was obvious in the Cook Islands government's

⁵⁷. Other Forum countries which signed the treaty when it first opened for signature in August 1985 were Australia, Fiji, Kiribati, New Zealand, Niue, Tuvalu and Western Samoa.

stand on the issue of the boycott of the recent South Pacific Games as a protest against President Chirac's decision to resume nuclear tests in Mururoa. Pacific Report quoted the Cook Islands Prime Minister as saying that "the Government does not want the boycott of the Games, but would support the boycott if the consensus of Forum countries was in favour of it." ⁵⁸

5. ECONOMIC/DEVELOPMENTAL ISSUE-AREA

a. *International Trade*

Cook Islands is highly dependent on imported goods. In 1989, for example, the total value of imports (CIF) was approximately 16 times the value of exports (FOB). The major components of imports are food items which represented 21 percent of the total value of imports, manufactured goods (34 percent), machinery and transport equipment (18 percent), and fuels (12 percent) in that same year. Although, the percentages vary from year to year, the above components dominate Cook Islands imports trade each year. New Zealand was the main source of imports, its share of the total value of imports hovered around 80 percent from 1978 to 1989.⁵⁹ In 1990, New Zealand's share of the total value of imports suddenly dropped to 42 percent when 32 percent of imports came from Italy. In other words, the New Zealand percentage fell because the total rose abruptly. This was a one-off incident, due to a major construction project, the Sheraton Hotel, funded and built for the Cook Islands government by Italian interests.

⁵⁸. Pacific Report, vol.8 no.11, July 3, 1995.

⁵⁹. Since New Zealand is a transshipment point for goods going to Cook Islands, it is likely that a sizeable proportion of goods imported to Cook Islands are re-exported from New Zealand.

From the early 1970s up to 1978, there was a downward trend in the value of exports despite heavy subsidisation of the major crops. Total export value recovered in 1979 when it reached \$3.8 million and peaked at \$11.9 million in 1987. The recovery was made possible by the growth of clothing and footwear as major export items, accounting for 42 percent of export trade in 1981. For much of the 1980s, clothing and footwear dominated the export trade with over 40 percent of the total value of exports, reaching 64 and 69 percent in 1986 and 1987 respectively.⁶⁰ Since 1988, the share of the export trade contributed by clothing and footwear dropped drastically when the major garment manufacturer, Cashmore McNicol transferred its operations to Fiji to take advantage of tax free incentives and wages at less than half of the Cook Island rate. The closure of Cashmore McNicol operations resulted in the sharp fall in the total value of exports by almost half in 1988 over the previous year. There have been increases in other exports after 1988, but not big enough to fill the gap left by closure of Cashmore McNicol. In 1991, the total value of exports was NZ\$9.429 million; 76 percent of which was contributed by Other exports -- a huge unspecified category, which exclude fruits and vegetables, clothing and footwear, copra, handicrafts, and pearl shells. This unspecified category has increased by over 700 percent since 1987.⁶¹

Until 1991, New Zealand was virtually the sole market for Cook Islands exports. For much of the 1970s and 1980s between 97 and 99 percent of Cook Islands exports

⁶⁰. Cook Islands Statistical Office. 1989. Cook Islands Quarterly Statistical Bulletin. December. Rarotonga.

⁶¹. Cook Islands Government. 1992. Cook Islands Quarterly Statistical Bulletin : December 1991, Rarotonga : Statistics Office, Table 5.1 pp.9-13.

went to New Zealand. In 1991, the proportion of exports to New Zealand fell to 20 percent, due mainly to the export of worked and unworked pearls from the pearl farms of Manihiki. In that year, merchandise exports rose to NZ\$9.4 million, an increase of 15 percent over the previous years, with worked and unworked pearls contributing 51 percent of the total. With the development of the pearl industry, Japan has emerged as a major export market.⁶² For the first time, New Zealand's dominance of Cook Islands' export trade was broken. Provided the cultured pearl industry continue to grow at its present rate, this trend seems set to reflect the pattern for the coming decades -- that is, dependence on New Zealand as the major export market is declining as other markets for new commodities (e.g pearls) come into the scene.

Table 6.1 below summarises Cook Islands' balance of trade in selected years during the ten-year period from 1981 to 1991. The table shows that Cook Islands' deficit in trade of visibles has grown more than three-fold over the ten-year period 1981 to 1991. This deficit is partly offset by earnings from tourism, aid and remittances and the international finance centre.

Table 6.1 Cook Islands Balance of Trade 1981-1991

Please see print copy for image.

(Sources: National Centre for Development Studies.1991. South Pacific Economic and Social Data Base. Canberra ; Cook Islands Government.1992. Cook Islands Quarterly Statistical Bulletin December 1991.

⁶². Cook Islands Government . 1992. Cook Islands Exports 1991-1992 . Rarotonga: Statistics Office.

Rarotonga : Statistics Office.)

b. *Tourism*

Although, by Pacific Islands standards, tourism is new to the Cook Islands⁶³, the industry quickly became a key sector in the Cook Islands economy, a major foreign exchange earner, and "the major force for economic growth."⁶⁴ Tourism also provides more economic opportunity -- in terms of employment, entrepreneurship and investment -- than any other single industry.⁶⁵ Milne (1987) estimated that in 1984 over NZ\$16.5 million was spent by visitors in the country.⁶⁶ He goes on to point out that the tourist industry

*adds more gross revenue to the economy than any other source including overseas aid (approximately NZ\$10 million per annum), export earning (approximately NZ\$5 million per annum) and estimated remittance flows of NZ\$4 million per annum).*⁶⁷

In relation to other Pacific island countries, Cook Islands has the highest tourist density of three visitors per head of population (nine times the density of Fiji and five

⁶³. Relative to the major Pacific Islands tourist destinations (i.e. Fiji, French Polynesia), Cook Islands is a newcomer to the industry. It was not until the opening of the Rarotonga International Airport in 1974 that tourists began to arrive in significant numbers. Real growth in the industry has occurred since 1977 with the completion of the Rarotongan Hotel which doubled the country's accommodation capacity. For a detailed study of the industry, see Simon Milne. 1987. "The Cook Islands Tourist Industry: Ownership and Planning." Pacific Viewpoint vol.28 no.2 pp.119-138; UNDP/World Tourist Organisation. 1984. A Tourism Development Strategy for the Cook Islands. Suva.

⁶⁴. Cook Islands Government. 1988. Second Development Plan 1988-1992. Rarotonga : Ministry of Planning and Economic Development. p.57

⁶⁵. ibid.

⁶⁶. Milne, op.cit. p.119

⁶⁷. ibid.

times the density of French Polynesia, which to used have the highest densities).⁶⁸

Given the importance of the tourism to the Cook Islands economy, Government accorded it top priority in its development planning. The Second Development Plan (1988-1992) summarised Government's tourism objective as moderate growth with widespread distribution of benefits, while ensuring the conservation and enhancement of the natural environment.⁶⁹

The Plan also identified the main issues and constraints relating to tourism which include: (a) Cook Islands' disadvantage in competing with such favourably located Pacific destinations such as Hawaii, Fiji and Tahiti. The disadvantaged location results in high cost of airfares and less opportunity for discounting, relative lack of infrastructural support, and the industry's vulnerability to international air services,⁷⁰ or, more accurately, to their interruption or cessation.

To increase the number of visitors to the country, the Cook Islands government through its Tourist Authority has launched marketing programmes in major tourist markets, as well as appointing representatives -- additional to the diplomatic/consular representatives -- in New Zealand, Australia, Hong Kong and the USA to facilitate the marketing of Cook Islands as a destination. In September 1992, the Cook Islands Tourist Authority launched a new logo and positioning statement for the Cook Islands as a

⁶⁸. Ron Crocombe. (forthcoming) "Cook Islands: July 1992 - June 1994." Contemporary Pacific.

⁶⁹. Cook Islands Government. 1988. Second Development Plan 1988-1992. Rarotonga: Ministry of Planning and Economic Development. p.58

⁷⁰. ibid.

destination : "A Special Place, A Special People, A Special Magic." In 1991 a consultancy team funded by the Asian Development Bank was commissioned to produce a Tourist Master Plan. Other major efforts of the Cook Islands government to encourage the growth of the tourist industry, apart from its provision of the necessary infrastructure and support, include the building of the Rarotongan Hotel in 1976 as a joint venture with the New Zealand Tourist Hotel Corporation and Air New Zealand, establishment of the national 'paper' airline (i.e without staff or equipment, but entering deals with an airline, in this case Ansett Airline of Australia, authorising it to use Cook Islands' landing rights to Australia and New Zealand), Cook Islands International, which later faltered in a highly competitive market; and more recently, the controversial Sheraton Project which adds NZ\$81 million to the country's debt burden.⁷¹ Because of the importance of tourism to Cook Islands, the Government has committed a lot of resources to the industry. Significantly, in so far as the interest of the present study is concerned, it is important to note that tourism is one of the areas where the Cook Islands government is increasingly being involved with external actors whether in the promotion of the country as a tourist destination, in seeking financial and technical assistance, and in attracting foreign investment essential for the growth of the industry. Tourism is indeed a major issue in the foreign policy behaviour of the country.

c. Development Assistance

Development assistance which funds the Cook Islands Government's development

⁷¹. Pacific Islands Monthly . June 1991. p.38

projects comes in two forms: aid (i.e grants) and soft-term loans. Table 6.2 below summarises Cook Islands' aid receipts between 1984 and 1987.

Table 6.2 : Cook Island Aid Receipts by Donors 1984-90
Please see print copy for image.

(Source: Government of Cook Islands. 1988. Second Development Plan 1988-92 . p.36; South Pacific Commission. 1993. South Pacific Economies: Statistical Summaries. Noumea. p.19)

The Table shows that New Zealand was by far the major aid donor to Cook Islands contributing, over 80 percent of the total aid received by Cook Islands. The New Zealand figures above included budgetary grant, which accounts for the bulk of its aid to the Cook Islands. In 1987, for instance, budgetary grant accounted for 69 percent of New Zealand aid, the other, NZ\$4.3 million was earmarked for development projects. In 1993/4, of the NZ\$13.2 million in bilateral aid provided by New Zealand to Cook Islands, \$8.3 or 63 percent was for budgetary support, the other \$4.9million for project assistance.⁷²

The other major bilateral donor is Australia, which contributed 25 percent of Cook Islands' aid receipts in 1987 (that is, after adjusting the New Zealand figures by deducting New Zealand's budgetary support of NZ\$9.5 million in 1987). Australian aid to Cook Islands increased between 1984 and 1986, but dropped in 1987 as part of a cut-

⁷². (New Zealand) Ministry of Foreign Affairs and Trade. 1994. New Zealand Official Development Assistant Programme. Wellington. p.10

back that affected Australia's aid programmes in other Pacific islands states. Australian aid allocation to Cook Islands increased again to \$2.1 in 1990. Other bilateral donors, which are combined together under the label 'others' in the Table above are: Canada, Germany, Japan, Netherlands, Norway and USA. Their combined contribution in the four-year period under review was 2.3 percent, but by 1990 had increased to approximately \$1.5 million or 6.8 percent of total receipts. The substantial increase of aid from this category of donors is attributable to Japan which recorded its aid to Cook Islands for the first time in 1990.

Relative to other Pacific islands states, the Cook Islands has the second highest aid per capita ratio of US\$710 in 1990; the highest was Niue, another island state with free association link with New Zealand, with US\$2800 per capita and the lowest is Fiji with US\$62 per capita.⁷³ As a percentage of GDP, aid represented 25.9 percent in 1990, which is average by Pacific islands standards.

Given the few bilateral donors which currently give aid to Cook Islands, the Government has an obvious interest in tapping new aid sources or increasing levels from existing sources. As noted above, the Cook Islands Prime Minister has visited some European countries looking for funding for 27 projects. Cook Islands' attempt to join ACP was, to a large extent, motivated by the desire to access EEC multilateral aid under the Lome Convention.

The above Table also excludes a multi-projects soft-term loan of NZ\$2.753 million (of this amount \$1.753 million is a line of credit extended to the Cook Islands

⁷³. Cole and Tambunlertchai, op.cit. p.13

Development Bank for on-lending, the rest was a soft loan to the Cook Islands government) in 1985 from the Asian Development Bank.⁷⁴ International loans, most soft loans have increasingly been used by the Cook Islands government to fund its development activities. A further 'soft' loan from ADB for the amount of NZ\$3 million was given to the Cook Islands in 1988. Since 1988, other loans --both soft and commercial loans -- have been negotiated to fund 'big' projects. These loans were: US\$5.7 million from France through Caisse Central de Cooperation Economique for the provision of two 2 mw power generators,⁷⁵ NZ\$15 million from Nauru government for the construction of the National Cultural Centre,⁷⁶ US\$7.9 million from Asian Development Bank and Export Credit Finance of Australia for the country's telecommunications project,⁷⁷ and NZ\$81 million from the Italian bankers, ICLE for the Sheraton Hotel Project⁷⁸ -- a government-controlled project.

Beginning as an attempt to secure additional funds for development outside existing bilateral and multilateral aid programmes, and thus, diluting the country's dependence on New Zealand, borrowing soon reached a crisis point. In the short term, the loans created a superficially buoyant economy, growing at an average growth rate of 4.6 percent per annum between 1985 and 1990, and total employment increasing from 41

⁷⁴. Ministry of Finance and Economic Planning. 1988. Second National Development Plan 1988-1992. Rarotonga. p.37

⁷⁵. The Economist. 1990. EIU Country Report. no.1. p.57.

⁷⁶. Cook Islands News. 3 November 1993. p.1

⁷⁷. Michael Ogden. 1992. "Communication Technology and Development in Pacific Island Microstates." Pacific Telecommunication Review. vol.14, no.1. (September). p.13

⁷⁸. Jason Brown. 1992. "Muffled Debts Explosion." Cook Islands New. 21 November, p.3

percent of the labour force in 1982 to 52 percent in 1990.⁷⁹ But, behind the facade of reasonable growth and increased employment, a country as small as the Cook Islands with a narrow economic base faces insurmountable problems when the time came to repay the loans. A debt burden equivalent to 182 percent⁸⁰ of government revenue (a budget that is bridged by aid) in 1991 can bankrupt the national economy, if not make the country lose a large slice of its independence to its creditors, who would dictate economic policies for the recovery of the economy and their money. Government thinking in 1994 was that, over the next ten years the public sector investments (most of it funded by the loan) would result in an expansion of the private sector which would more than match the overseas debts.⁸¹ But this was ill-informed and naive. The national debt is now \$245 million and the few options that the government has in servicing this loan, according to Edward Drollet, Cook Islands' Chief Economist, are "to tighten on spending, particularly on personnel, put in place a strategic plan to manage the debt, and sell some assets (e.g. hotels)."⁸²

The debt crisis in which Cook Islands presently finds itself is, to some extent, a case of a microstate's attempt to 'think big' that went wrong. As Ogden pointed out:

...it appears as if the Cook Islands have jumped on the 'Think Big bandwagon' and are pursuing a course of development more in line with lending countries than Cook Islands

⁷⁹. Ministry of Finance and Economic Planning. 1993. Macroeconomic Performance and Issues. Rarotonga, unpublished paper.

⁸⁰. Jason Brown, op.cit. p.3

⁸¹. Quoted in Ogden, op.cit., p.13

⁸². Edward Drollet, personal communication, 2 April 1994.

aspirations.⁸³

An interesting aspect of the Cook Islands debt issue is how the debt has facilitated penetration by foreign bourgeois interest deeper into the fabric of Cook Islands government and society. In 1992, immediately after the completion of the National Culture Centre paid for by a NZ\$15 million loan from the Nauru Government, the Prime Minister announced that the loan has been repaid by US\$3.2 million in zero bond coupons provided by David Lloyd, Managing Director of European Pacific Banking Corporation. The zero bond coupons will mature in 15 years time to the equivalent value of the net loan without interest, which was paid by the Cook Islands. When asked by reporters about a deal with Mr Lloyd or European Pacific in relation to the zero bond coupons, the Prime Minister said that the bonds had nothing to do with European Pacific Banking Corporation. He was reported as saying, "It doesn't mean anything, what we've got is \$3.2 million...."⁸⁴ Lloyd's company, European Pacific Trust was the pioneer of the country's International Financial Centre. The reporter's question about a 'deal' implied a favour from Government that European Pacific Trust may have 'bought' with the bonds. Recent evidence from the so-called 'Wine Box' documents⁸⁵ has revealed the key part played by Lloyd's company in the creation of the International Financial Centre in the Cook Islands, a role which included "assistance to the Cook Islands government in

⁸³. Ogden, *op.cit.* p.15

⁸⁴. *Cook Islands News*, 3 November 1992, p.1

⁸⁵. Dubbed by the press the 'wine case' scandal after the manner in which the incriminating documents were stolen and hidden in a wine box by a disenchanted former executive of European Pacific.

the drafting and preparation of legislation."⁸⁶ Mr Trevor Clark, European Pacific's manager in Rarotonga was in 1994 appointed the Prime Minister's financial adviser, and was a key player in a 'get-rich-quick' scheme, the Letters of Guarantee controversy, which could have caused Cook Islands further serious financial problems.

The close personal and official nexus between the Prime Minister and Lloyd and other overseas financiers has caused concern among Cook Islanders. Some key officials have felt left out of discussions on the International Financial Centre⁸⁷. When Parliament deals the International Financial Centre the doors are closed, no member of the public is allowed in the public gallery, broadcasts are stopped (all parliamentary debates are otherwise broadcasted) and no record of the discussions or decisions is recorded in the public version of Hansard.⁸⁸

d. The International Financial Centre

The Cook Islands International Financial Centre was established in 1982 following the passing by Parliament of the Off-shore Banking Act, which provides for the establishment and regulation of off-shore banking in the Cook Islands, and the International Companies Act 1982, which allowed for the establishment and regulation

⁸⁶. Cook Islands News, 6 November 1992.

⁸⁷. A senior Cook Islands public servant at a UNESCO seminar on The Pacific Islands Future in Suva in June 1993 where the author spoke on the "The Future Directions of Pacific Foreign Policies" remarked that "the most powerful person in the Cook Islands is not the Prime Minister but Mr Lloyd." In an interview with the Secretary for Foreign Affairs in November 1992, he pointed out that neither his Ministry nor Planning Office had anything to do with the Financial Centre, it was a matter between the PM and the Financial Centre.

⁸⁸. Crocombe, personal communication.

(or a lack thereof) of off-shore international companies.⁸⁹

The working of an international financial centre is based on the legal concept, redomiciliation, that is, "the possibility of a company set up within one jurisdiction carrying on operation in another without liquidation and without needing to be set up a second time elsewhere"⁹⁰The advantages to international companies offered by financial centres like the Cook Islands' is that the financial centres provides insurance (hence, haven) against political change and instability, or unpredicted currency or interest rates changes in a country where a company normally operates, although they could also provide an avenue for evading taxes in a company's normal country of operation.

To be successful as an international financial centre, a country has to have a good location in terms of time zone to allow the transit of funds from one financial market to another. A country also needs to be politically stable and to have good and sophisticated network of international telecommunications and professional services such as accountancy and law firms. Other factors include, currency convertibility, and privacy laws which protect the interests of the clients and tax regimes.

Cook Islands has a good time zone location which gives it some advantage over say Vanuatu or Cayman Islands in dealing with USA. Cook Islands has the same day as USA, but few hours behind, which means that at the close of business in USA, Cook Islands will still be open for around five hours, which makes the Cook Islands International Financial Centre a convenient transit point in financial transactions between

⁸⁹. Ministry of Finance and Economic Planning. 1988. op.cit., p.40

⁹⁰. Marcel Sam. 1989. "Vanuatu: Financial Centre and Tax Haven." The Courier. No.117 (September-October), p.85

the USA and other international markets.⁹¹ Since the establishment of the Cook Islands Financial Centre, there has been a proliferation of banks, accountancy and law firms to service the Financial centre. The country's telecommunication services vastly improved after Cook Islands sought a loan of US\$7.9 million to upgrade and modernise its telecommunication network, through the setting up of Telecom Cook Islands Ltd in 1989. In establishing a national telecommunication network, the Cook Islands government terminated the contract of the firm which operated the services, Cable and Wireless, and compulsorily acquired its operations by legislative act in 1991.⁹² The banking sector expanded with the opening of local branches of ANZ and Westpac after the establishment of International Financial centre, there to get a piece of the action from the Centre.

Under the International Companies Act, foreign companies are exempt from taxes, but are not entitled to establish an office in the Cook Islands or a permanent presence in the country except through a Trust Company.⁹³

Since its establishment in 1982, the Cook Islands International Financial Centre has attracted 1600 companies as clients carrying on business with the Centre. Included in this figure are 20 off-shore banking operation.⁹⁴ In return for using the Cook Islands

⁹¹. Robin Brumby. 1988. "What Future for Vanuatu's Finance Centre." Pacific Islands Monthly, (September), p.42

⁹². Ogden, op.cit, p.13. The Cook Islands Government's argument for the compulsory acquisition of Cable and Wireless' operation was because "the Cable and Wireless monopoly prevented the government from putting in place its plan for joint development of the outer island and international telecommunications."

⁹³. Ministry of Finance and Economic Planning. 1988. op.cit., p.40

⁹⁴. Brumby, op.cit., p.42

International Financial Centre, each of the companies registered with the Centre pays registration and other fees to the Cook Islands government. Government revenue from the centre increased from NZ\$20,000 in 1983/84 to NZ\$1.137 million in 1986/87 as well as creating employment for Cook Islanders.⁹⁵ In 1991, the Cook Islands Financial Centre pulled off what the Pacific Islands Monthly called "an astonishing financial coup," when it was endorsed by securities authorities in Hong Kong as an alternative offshore domicile for locally listed companies.⁹⁶ The endorsement paved the way increased participation in the Cook Islands International Financial Centre by Hong Kong listed companies, and it came as a welcome relief to the Cook Islands International Financial Centre after its reputation suffered by revelations that Australian entrepreneur, Alan Bond had used the Cook Islands International Financial Centre to minimise his corporate tax liabilities in Australia, thus prompting Australia to amend its tax laws. Based on the accrual principle, the new tax system provided for the taxation of income passing through foreign trusts or companies as if the money had entered Australia.⁹⁷ The amendment, in effect, closed certain loopholes in the original tax laws, which had allowed Bond to minimise his tax liabilities in Australia, thus significantly reduced the appeal of the Centre to clients or potential clients in Australia.

The Cook Islands International Financial Centre suffered yet another setback when it was revealed in 1994 in New Zealand that it was involved in a tax scam in which

⁹⁵. Ministry of Finance and Economic Planning. op.cit. p.40

⁹⁶. Pacific Islands Monthly, April 1991, p.32

⁹⁷. Pacific Islands Monthly, June 1989, p.30

a Cook Island-registered Trust company, European Pacific Trust Company, jointly with a number of New Zealand companies (namely, Brierley Investments, Fay Richwhite and Co., and Bank of New Zealand) cheated New Zealand of millions of dollars in unpaid taxes,⁹⁸ estimated around NZ\$124 million.⁹⁹ The tax scam, it was alleged, involved Cook Islands Government Property Corporation which issued false tax certificates, which were later shown to tax authorities of New Zealand, in order to provide deductions from amounts otherwise due in tax to New Zealand.¹⁰⁰

The above incidents presented a negative image of the Cook Islands in New Zealand, its multi-faceted patron, and will likely to affect the official Cook Islands/New Zealand. The issues arising from the alleged illegal transactions and tax evasions through the Cook Islands International Financial Centre presented the 31 year close constitutional link between the two countries with its toughest test yet. Will Cook Islands cooperate fully with the Commission of Enquiry on the alleged illegal transactions involving New Zealand companies? Or, will Cook Islands insist on the sovereignty of its national laws (Secrecy Act etc.) to justify its decision not to cooperate? What options does New Zealand have? Is New Zealand a captive patron?

The fact that the Cook Islands government has not cooperated fully in revealing the details of transactions involving New Zealand companies to New Zealand's

⁹⁸. For details of the 'tax scam', see Mary Holm. 1994. "The Cook Islands Tax Mystery." Listener, (May 21), pp.15-20.

⁹⁹. Fiji Times, 14 April 1994. The same article reported that in a report to the New Zealand Parliament, the Inland Revenue Commissioner said that 93 investigations into New Zealand companies dealing with the Cook Islands International Financial Centre has netted additional tax assessments of NZ\$55.7 million.

¹⁰⁰. The National Business Review, 18 March 1994, p.9

Commission of Enquiry, claiming that it contravenes provisions of its (i.e Cook Islands) national laws, is seen by some politicians and officials in New Zealand as complicity on the part of the Cook Islands government. Through its lack of cooperation, New Zealand officials and politicians have claimed that the Cook Islands government condones such activities. Indeed, these concerns have led the New Zealand Member of Parliament and Leader of the New Zealand First Party, Winston Peters to call for a reassessment of the aid which New Zealand gives to Cook Islands, given what he sees as the latter's ingratitude -- the implication being that aid should be cut.¹⁰¹

It can be argued that Winston Peters' call for the reassessment of New Zealand's aid commitment to Cook Islands implies the perception that Cook Islands' actions are insensitive acts of defiance. Because New Zealand has not, and finds it hard to, take any retaliatory or punitive actions on Cook Islands by, for instance, the withholding of aid, it can be argued that New Zealand is increasingly becoming a 'captured patron' of Cook Islands.¹⁰² For, while Cook Islands pursues its external interests through such economic actions as the operation of the Cook Islands International Financial Centre which negatively affected New Zealand's national interests as evidenced in the 'Wine box' controversy, there seems to be very little New Zealand can do.

Beyond the Cook Islands/New Zealand relations, the issues surrounding the International Financial Centre together with other economic issues, including overseas

¹⁰¹. See Winston Peters' speech in the New Zealand Parliament as reported in National Business Review, 11 March 1994.

¹⁰². The term is borrowed from Michael P. Kelley. 1985. "Weak States and Captured Patrons: French Desire to Disengage from Chad." The Round Table, vol .296. pp.328-338.

debt, the letters of guarantee saga, problems with the national currency, have certainly given the Cook Islands negative publicity, which may undermine its image as a responsible and competent international actor. In this connection, it is worth recalling the reminder to the Cook Islands Parliament by Tupui Henry when the International Companies Bill was being debated in 1982:

*...the concept that we are about to accept, that is the Off-shore dealing, the off-shore registration, the off-shore companies, is a new concept that could either make the Cook Islands or we fail dismally.*¹⁰³

d. Remittances

Remittances from Cook Islanders living overseas, particularly New Zealand where 38,000 Cook Islanders reside, have played an important role in the economy and social life of the Cook Islands. Remittances to the Cook Islands from overseas Cook Islanders rose from NZ\$1.955 million in 1983 to NZ\$2,553 in 1986.¹⁰⁴ Remittances have played a stabilizing role in the economy, and unlike other activities (e.g tourism) which are subject to cyclical swings being heavily sensitive to world economic conditions, remittances have "acted somewhat counter-cyclically and this lend stability to the overall economy."¹⁰⁵

In foreign relations terms, remittances have contributed to making the Cook Islands/New Zealand relations special not only by contributing to the national economy

¹⁰³. Cook Islands Parliament, Minutes, 5 May 1982, pp.986-987.

¹⁰⁴. Ministry of Finance and Economic Planning. 1988. op.cit., p.39

¹⁰⁵. ibid.,

in foreign exchange, but also to the day-to-day life of Cook Islanders.

6. *CULTURAL ISSUE-AREA*

The cultural issue-area is a wide area of foreign policy behaviour which includes, cultural exchanges, art, sports and information dissemination. Former West German Chancellor, Willy Brandt referred to it as a 'third' pillar of diplomacy.¹⁰⁶ Discussing the uses of cultural diplomacy, J.M. Mitchel (1986) identified four possible uses, namely, (i) as an instrument of peace, (ii) a support for conventional diplomacy, (iii) a vehicle of cultural understanding, and (ix) as a lubricant for trade.¹⁰⁷

Except for the third use, most of the above uses of diplomacy do not quite fit Cook Islands' use of culture for diplomacy, or in furtherance of a national interest externally. As a small island microstate with few resources, it cannot afford the kind of cultural diplomacy suggested by Mitchell, that larger developed states often engage in. For Cook Islands, cultural diplomacy is largely ad hoc, and used mainly to promote the country's tourist industry. Although, a cultural tours sponsored by the country's tourist authority can be regarded as exercises in tourist promotion, it is argued that such activities are regarded as cultural diplomacy because the promotion involves the use of an aspect of culture to promote national economic interests of the state (i.e tourism, foreign investment and the marketing of Cook Islands pearls and produce) in its external environment. More recent Cook Islands initiatives in the culture issue/area are directed

¹⁰⁶. Quoted in J.M. Mitchell.1986. International Cultural Relations. London : Allen and Unwin, p.1

¹⁰⁷. ibid. pp.12-21

to the promotion of the image of the country (and its leader) and its role in the Pacific Islands region.

Cook Islands has long used culture, particularly the performing arts (e.g. the tamure dance) to promote the country as a tourist destination. The 'tamure' is a very effective promotional tool both because of its novelty to a foreign audience and its portrayal of the European romantic view of the Pacific as 'Paradise'. Traditionally, 'tamure' or its variant, 'hula' are found in the Eastern Polynesian cultures of Cook Islands, Hawaii and the islands of French Polynesia, though it is now common for tamure to be danced throughout the Pacific. In 1991, the Cook Islands Tourist Authority organised a 'road show' involving a troupe of Cook Island dancers on a tour of Australia. With the promotional slogan, "Visit Heaven while on Earth" -- a reference to the paradise image, the dancers travelled 75,000 km through every state and territory of Australia, covering state capitals, provincial cities and centres, and even some country towns.¹⁰⁸ Similar promotional tours have been organised by the Cook Islands Tourist Authority in other tourists markets, such as Europe, Japan and North America.

Since 1991, when planning began for the 6th Pacific Festival of Arts, culture has become a major foreign relations concern of the Cook Islands government. In preparation for the Festival, the Prime Minister negotiated a NZ\$15 million loan from the Nauru government, which funded the construction of the cultural centre (named the Sir Geoffrey Henry Cultural Centre). For the staging of the Festival, the Cook Islands government allocated NZ\$6 million. The costs of the Festival were supplemented by in-

¹⁰⁸. Pacific Islands Monthly, October 1991, p.32

kind assistance provided by the French in the form of two ships, ten buses with drivers, stage equipments and technicians for the various venues around Rarotonga as well as lavish receptions and entertainment.¹⁰⁹ The Festival did a lot to the stature and standing, not only of the Cook Islands but also its leader, Sir Geoffrey Henry, whose investiture as a Knight of the British Empire and installation to an honorific *Matai* title coincided with the Festival. The Festival also attracted a lot of tourists into the Cook Islands.

The Festival gave Sir Geoffrey Henry a major foreign policy behaviour initiative, for following it he mooted the idea of a Pacific Culture Centre involving specialised courses on Pacific Arts and Culture and the establishment of a Pacific Village (modelled on the Polynesian Cultural Center in Hawaii) at USP. The University responded by appointing two Australian consultants to advise the University on the implementation of the proposals. Some of their recommendations, especially those relating to specialised courses on culture, have been implemented.

More recently, Cook Islands proposed the establishment of a UNESCO chair in Pacific Cultures at USP, based at the National Cultural Centre in Rarotonga. This proposal is part of Cook Islands' (and particularly, its Prime Minister's) vision for Cook Islands as the centre of Pacific Island Culture studies. An earlier expression of this vision was made in 1980s by a different Cook Islands government, when it offered to host the USP's Institute of Pacific Studies.

¹⁰⁹. The author was in Rarotonga during the Festival. The French were very conspicuous in Rarotonga throughout the Festival.

7. CONCLUSION

This case-study has shown a clear relationship between smallness and foreign policy behaviour, which is manifested at different levels. If small size correlates with small population and limited resources, which is certainly the case as far as the Cook Islands is concerned, then several implications for foreign policy behaviour can be drawn. First, foreign policy behaviour is a response to the national capacity deficiencies imposed by smallness. Thus, through its foreign policy behaviour (i.e its engagement in its external environment with other countries and other international actors), the government of Cook Islands seeks to acquire material gains (from its trade etc.) and international support (e.g in the provision of financial, human and other resources, services and other forms of support and assistance) which are necessary for its national objectives -- provision and maintenance of government's recurrent activities, services and pursuit of development aspirations. That foreign policy behaviour is a response to national capacity deficiencies is evident in the importance of the economic/developmental issue-area in the foreign policy behaviour of Cook Islands.

The economic-developmental issue-area is an important component of Cook Islands foreign policy behaviour. The fact that Government chose in 1977 to combine External Affairs and Planning in one ministry seemed to suggest the government's anticipation of a crucial role in economic development planning from External Affairs. The Cook Islands government at the time saw External Affairs as having a big part in the "development process", particularly by securing aid and other forms of official development assistance. The combination of the two responsibilities was then seen as

contributing to government's efficient coordination of inputs (in terms of aid and other forms of development assistance) and outputs (i.e projects and programmes) of the development planning process. Economic Planning and Foreign Affairs have since become separate ministries, but the fact remains that foreign affairs have a major role in securing external inputs which are considered to be an essential element of the development process. Whether they are is an important, but different question.

Other significant economic-development issues-areas in Cook Islands' foreign policy behaviour include tourism and the international financial centre. Because of its contribution to the national economy, the promotion of tourism has involved the Cook Islands government, through its Tourist Authority, with other external actors. Even the Prime Minister personally accompanies and participates in some overseas promotions. The main functions of the Cook Islands consulates in Sydney and Los Angeles have been to promote tourism along with other marketing representatives appointed by the Tourist Authority in such major tourist markets, such as New Zealand, Australia, Hong Kong and USA. Tourism was the major factor in Cook Islands' negotiation of a loan with an Italian bank for the Sheraton Hotel project, which had turned out to be the country's largest loan. Earlier in the 1980s, tourism was also a factor in government's venture into the airline business, i.e with the setting up of Cook Islands International as a joint-venture with Ansett Airlines in the 1980s. Despite the failure of Cook Islands International and the heavy debt incurred by the Sheraton Hotel project, tourism in the Cook Islands is an overall success, with the industry registering significant growth in the number of tourists annually. For example, between 1990 and 1992, the number of visitors increased from

33,882 to 52,800, an increase of approximately 56 percent.¹¹⁰ In 1991, it was estimated that the country's receipts from approximately 40,000 tourists visiting Cook Islands was \$37.2 million,¹¹¹ approximately 1.5 times its total aid receipts,¹¹² or four times the value of its exports.

Another important economic-development issue-area is the International Financial Centre through which Cook Islands deals with non-state international actors, particularly firms which pay for the service of the 'haven' for their funds that the Cook Islands provides. The Centre has contributed other economic benefits in terms of providing employment as well as contributing to the improvement of infrastructure in the country. The Centre has provided Cook Islands with a national role in the international division of labour. With controversies (e.g the Wine Box case) surrounding Cook Islands' international financial centre, the reputation of the country and the centre has suffered, and the future of the international financial centre is uncertain.

The second manifestation of the relationship between smallness and foreign policy behaviour stems from constraints which limited financial and human resources (which correlate in most cases, and particularly in the present case, with small size) impose on the capacity of Cook Islands to expand its external involvements both quantitatively and qualitatively. Quantitatively, the number of countries with which Cook Islands has formal diplomatic relations is twelve. Few of these countries interact

¹¹⁰. R. and M. Crocombe. 1995. "Review of Polynesia: Cook Islands."

¹¹¹. Norman and Ngaire Douglas, eds. 1994. Pacific Islands Yearbook. 17th edition. Suva: FijTimes Ltd.

¹¹². This is a rough estimate by the author using the 1990 aid receipts.

frequently with the Cook Islands. In fact, of the twelve only five, viz. Australia, Japan, USA, Canada and Germany are aid donors and in some cases, trade partners, with Cook Islands. By comparison, and as will be seen in the next case study, Kiribati has formal diplomatic links with 33 countries, of which 9 are aid donors, trade partners or significant in one way or the other to Kiribati. It appears that the Cook Islands has tried to improve existing relations qualitatively by seeking to establish or increase aid from countries with which relations are at developmental stages, as evident in the Prime Minister's trip in 1990 to Canada, Germany and Italy, and similar trips to other countries.

Small size and limited resources, are also manifest in the size of the diplomatic machinery with eight senior officers at home and abroad -- i.e at the Ministry of Foreign Affairs and at its two High Commissions and three Consulates. Limited financial and human resources is also reflected in the narrow range of multilateral organisations in which Cook Islands participates as a member (Pacific regional organisations and selected international organisations, mostly UN agencies, Asian Development Bank and the Commonwealth as an associate member) and the narrow range of issues that Cook Islands takes interests and initiatives on internationally (mostly, economic, environmental and cultural).

Smallness is also reflected in the various responsibilities held by the one individual responsible for Foreign Affairs. Apart from smallness, the other important factor is the standing, capability and, in the present case, dominant personality of the individual concerned. Until recently, the Prime Minister was responsible for foreign affairs in addition to internal affairs, finance, economic planning and several other portfolios.

Although, the multiplicity of the Prime Minister's roles can be viewed as a foreign affairs problem because he does not have the time to fully devote to foreign affairs matters, the arrangement can be advantageous in that foreign affairs received the attention of the most powerful member of government. In a cabinet reshuffle in 1994, the Deputy Prime Minister assumed responsibility for foreign affairs. Although the Prime Minister may not be giving foreign affairs matters direct attention, he is still very much in control of foreign affairs. As a 'multi-functional head', the Prime Minister also provided a coordinating role and, therefore, minimises conflicts between ministries, particularly the Economic Ministries, the responsibilities of which often overlapped with Foreign Affairs.

Apart from smallness, Cook Islands' attempt to expand its external relations is constrained by the country's political status as a state in free association with New Zealand on which it is dependent on various fronts. Cook Islands' political status is perceived by some other countries as not giving it the legal capacity to enter into foreign relations because of its close constitutional links with New Zealand. The most notable example was Japan's refusal to treat Cook Islands as a sovereign state. The Cook Islands' failure to become a member of ACP may also be related in part to this issue, although that was not an issue for New Zealand, Australia or any of the Pacific Islands nations, nor those of the Caribbean, nor Europe. Only African states questioned the Cook Islands' legal capacity, because of the South African "homelands". Moreover, ACP countries were former colonies of Europe, which the Cook Islands never was. Its marginal claim to entry is that it was a United Kingdom protectorate administered and paid by New Zealand from 1888 to 1901. The upshot of these actions was a major constitutional

change in 1981 designed to reinforce the independent status of the Cook Islands. The change had some success as evidenced by the fact that the Cook Islands since negotiated bilateral fisheries agreements with Japan. At one point, Cook Islands has had to suspend the agreement because Japanese fishermen did not observe the terms. Cook Islands has since 1991 been receiving Japanese aid.

If Cook Islands' close relations with New Zealand engender external perceptions which constrains dealings with other countries, it also reinforces dependence on New Zealand -- for budgetary grant, development assistance, trade and other areas -- which Cook Islands leaders are keen to dilute through their development of additional revenue sources (e.g international trade centre) and tapping of additional aid donors and increased borrowing. Meaningful relations with other countries in terms of increased aid, trade and other economic benefits, was perceived by Cook Islands officials as a means to that end. Thus, if the hurdle of the external perceptions of Cook Islands political status -- as too closely related to, and to some extent a responsibility of New Zealand -- can be cleared, then Cook Islands will be on the way to a diversification of foreign relations, and in turn, diluting its relative dependence on New Zealand. With diversified external relations, not only will Cook Islands be seen by members of the international community as independent, but more importantly it could mean an enlarged pool of aid donors and development partners. Constitutional status is not, however, the only factor. The Cook Islands has had a per capita income of about US\$3,000 per annum which several times higher than that of most Pacific Islands nations. Therefore many donors see the Cook Islands as beyond the need for foreign aid.

But clearing the political status hurdle does not mean doing away with existing constitutional links with New Zealand. There is a lot at stake if the present links are disrupted as ordinary Cook Islanders stand to lose the many benefits conferred by the present political status, which include, easy access to the New Zealand job market, remittances from relatives, access to the 'good life' in New Zealand and an escape from political persecution for the government's critics. So the choice, as far as the Cook Islands government is concerned is to retain the special relationship, but at the same time, put in place constitutional and other changes which would make it independent in both appearance and in fact to the international community. In addition, the Cook Islands government must continue to convince other members of the international community that Cook Islands is not different from any other independent country.

From time to time, the need to convince other members of its autonomy has led the Cook Islands government to take a different stand from New Zealand on certain issues (e.g. ANZUS), or in pursuing policies which asserts its independence vis-a-vis New Zealand.(e.g the International Financial Centre, and in particular the Cook Islands refusal to cooperate with the New Zealand Inquiry into the 'Wine Box" affair using its national laws -- e.g Secrecy laws -- to justify its position).

While Cook Islands is heavily dependent on New Zealand economically -- for example, as a major source of imports, market for its exports, a major source of its development funds, a source of recurrent revenue, and a source of remittances -- there is no evidence to suggest that given its heavy economic dependence on New Zealand, the Cook Islands government has passively complied with the wishes of New Zealand policy

makers. The Cook Islands government has, in the past and continues to pursue an independent foreign policy behaviour, which in some cases run counter to New Zealand's position, which the Cook Islands sometimes openly defies.

From the point of view of the Cook Islands government, the excessive dyadic dependence on New Zealand seems to provide the motivation for diversified foreign relations, especially in the political/diplomatic and in economic relations, with the aim of diluting the country's dependence on New Zealand. Because of its limited success with bilateral diplomacy (as evident in the relatively few countries with which it has diplomatic relations), the Cook Islands government has increasingly been dealing outside the normal diplomatic channels with non-state actors (e.g international companies through its financial centre) and with financial institutions (e.g Asian Development Bank, Italian bankers ICLE and France's Caisse Centrale de Cooperation Economique).

As an island state, Cook Islands has an Exclusive Economic Zone of around 2 million square kilometres, which has some potentials in commercial fisheries and non-living seabed resources. Because tuna does not occur in Cook Islands waters in abundance, and that the potential for sea bed resources will take time to realise, marine issues have not yet figured prominently in Cook Islands' foreign policy behaviour to the same degree as in other Pacific island countries, for example, Kiribati.

CHAPTER SEVEN

REPUBLIC OF KIRIBATI : THE DOMESTIC CONTEXT OF FOREIGN POLICY BEHAVIOUR

1. GEOGRAPHY

The Republic of Kiribati consist of 33 coral atolls and islands scattered over an area of more than 3 million square kilometres¹ in the Central Pacific between 4 degrees 43 minutes North and 11 degrees 25 minutes South latitude and 169 degrees 32 minutes East and 150 degrees 14 minutes West longitude. Despite its huge sea area, the land area is a mere 810.5 square kilometres, prompting a leading I-Kiribati politician and political commentator to describe it as 'a nation of water'.² The islands are divided into three groups, the Gilberts, the Phoenix and the Lines.

The Gilberts Group is a chain of 17 atolls and coral islands running roughly north-west to south-east and spread over 680 kilometres in the western part of the country. The Gilberts Group include Tarawa, the seat of Government, and the phosphate island of Banaba. The Phoenix Group is a cluster of 8 atolls lying about half way between the Gilberts and the Line Groups, about 1600 km south-east of Tarawa. Except for Kanton (Canton) which used to be a re-fuelling stop for Pan-American US/Australia services in the 1950s and is now an outpost of the Kiribati Government with a staff of about twelve,

¹. Another often quoted estimate of the total territorial area of Kiribati is 5 million sq.km, but this estimate does not take into consideration pockets of high seas between Kiribati's vast EEZs.

². Roniti Teiwaki. 1988. "Kiribati : A Nation of Water." In Ron Crocombe and Ahmed Ali, eds. Micronesian Politics, Suva :Institute of Pacific Studies, pp.1-37.

the group is uninhabited. The Line Group is a chain of 8 atolls spread over 2,000 kilometres, located some 3000 km east of the Gilberts on the other side of the International Date Line. The group includes Kiritimati(Christmas Island) which alone accounts for 53% of the country's land area. Only two other islands in the group, Teraina (Washington) and Fanning (Tabuaeran), are inhabited; the rest are uninhabited.

The country had a population in 1990 of 72,335, an increase of over 13% since the previous census in 1985 and representing an annual population growth rate of 2.24%. It has a population density of 89 persons per square kilometre, which is relatively high by Pacific standards.³ The bulk of the population (93%) is concentrated in the Gilberts Group.⁴ South Tarawa, where the capital, Bairiki, and two urban centres, Betio and Bikenibeu, are located, has a population of 25380 or 35.1% of the national population.⁵

All the islands of Kiribati are low-lying coral atolls and islands of predominantly calcareous and limestone structures, formed on submerged volcanic chains and rising not more than 5 metres above sea-level. The soil, composed predominantly of sand, covering coral and rock substrata, has low water-holding capacity and is too poor to provide for extensive and diversified agriculture.⁶

³. Kiribati Government . 1991. Kiribati Population Census : Summary Results .

⁴. Baraniko Baaro .1992. "Economic Overview." In H. Van Trease, ed. Atoll Politics : The Republic of Kiribati, Christchurch and Suva: Macmillan Brown Centre for Pacific Studies and Institute of Pacific Studies. p.163

⁵. ibid.

⁶. John Connell. 1983. Migration, Employment and Development in the South Pacific Country Report No.7 : Kiribati . Noumea: South Pacific Commission. p.2

The people of Kiribati (I-Kiribati) are part of the larger Micronesian culture area, although oral traditions which talk of historic links with parts of Polynesia, particularly Samoa⁷ and neighbouring Tuvalu.⁸ Unlike other Micronesian societies, traditional Kiribati society was largely egalitarian. Political leadership was dominated by the *maneaba* government, a system based on consensus by community elders, *unimane*, except in the northern and central islands of Makin, Butaritari, Abemama, Aranuka and Kuria, where the *uea* (chiefly) system of leadership existed. The *maneaba* political system still retains subtle influence in contemporary Kiribati society and politics at island level.⁹

2. POLITICAL DEVELOPMENT

Kiribati came under British rule in 1892 when Captain Davis of the HMS Royalist proclaimed a protectorate over the Gilberts Group. The proclamation was not requested by the Gilbertese people. Rather, it was part of a complex diplomatic deal to secure British interests in another part of the world, far from the Pacific. In need of international support for its role in Egypt, Britain proclaimed a protectorate over the Gilbert Islands so as to protect German economic interests from the encroaching Americans and thus

⁷. H.E. Maude. 1977. *The Evolution of the Gilbertese Boti*. Suva: Institute of Pacific Studies, *passim*, discusses the evolution of a socio-political system introduced by the Samoans some 400 years ago. This system is now often referred to as the traditional political system of Kiribati.

⁸. Gilbertese links with Tuvalu predates colonial rule. Oral traditions on both sides talk of intermittent contacts. See for example, Palace Sogivalu. 1992. *A Brief History of Niutao*, Suva and Funafuti: Institute of Pacific Studies and USP Centre, Tuvalu. The strongest evidence of historical links between the two peoples is seen on Nui in Tuvalu where a Kiribati patois is spoken.

⁹. The influence of tradition through the *unimane* (elders) in politics, particularly local government, is discussed in Ueantabo F. Neemia. 1981. "Local Government and Local Culture : Fitting them Together in Kiribati." *Pacific Perspective*. vol.10, no.1. pp.62-64.

appease and gain the support of Berlin.¹⁰

For administrative convenience, the Gilberts and the Ellice Islands (now Tuvalu) were in 1916 brought together into one entity, the Gilbert and Ellice Islands Colony. The phosphate-rich island of Banaba (Ocean Island), Fanning and Washington Islands in the Line Group and Tokelau (Union Islands) were later added. Tokelaus was subsequently transferred to New Zealand control in 1925, and Christmas Island and the Phoenix Group were incorporated within the boundaries of the Gilbert and Ellice Islands Colony in 1937.¹¹ Sovereignty over Christmas and the Phoenix Group was also claimed by the USA, and was only relinquished in 1979 in a Treaty of Friendship between the USA and Kiribati, signed in Tarawa on 20 June 1979 and ratified by the US Senate on 20 June 1982.¹² The Treaty officially recognised Kiribati sovereignty over the islands and relinquished past US claims over them.¹³

The Gilbert and Ellice Islands Colony was administered by the Resident Commissioner who was responsible to the Western Pacific High Commissioner (who was also the Governor of Fiji) based in Suva. Colonial policy was initially guided by the principle of minimum interference, but was soon to evolve into a more rigid and authoritarian system "to a degree unusual for British dependencies in the Pacific or

¹⁰. Macdonald, op. cit. p.vi

¹¹. ibid.

¹². US Government. n.d. Treaty of Friendship Between the United States of America and the Republic of Kiribati. Washington D.C: State Department. (Text and Agreed Minutes).

¹³. The islands over which claims were relinquished by the USA/Kiribati Treaty of Friendship were: Canton (Kanton), Enderbury, Hull (Orona), Birnie, Gardner (Nikumaroro), Phoenix (Rawaki), Sydney (Manra), McKean, Christmas (Kiritimati), Caroline, Starbuck, Malden, Flint and Vostok.

elsewhere"¹⁴ with the arrival of the second Resident Commissioner, William Telfer Campbell. Described by Macdonald as "an aristocrat [with]...the determination to use island government established by Swayne [his predecessor] to inculcate the values and behaviour which he deemed appropriate for colonial people"¹⁵, Campbell lost no time in removing traditional leaders from office and in establishing "an administrative hierarchy stretching downwards from himself and his agents, to the Magistrates and thence through the Chief of *Kaubure*, *Kaubure* and police to the people."¹⁶ Campbell's rigid system of administration, characterised by its emphasis on law and order, remained untouched until the advent of a generation of enlightened and less paternalistic colonial administrators in the 1930s.¹⁷

The new generation of colonial administrators were responsible for initiating the dismantling of the authoritative administrative structure established by Swayne through reforms in which the fundamental concern was "that traditional leaders should again be found a place in the Native Government."¹⁸ The reforms proposed by Maude and his colleagues, although accepted by his superiors and promulgated in the 1941 Native

¹⁴. Macdonald, op.cit. p.75

¹⁵. ibid. p.83

¹⁶. ibid. p.86

¹⁷. ibid. p.137. Prominent among this new breed of colonial administrators was Harry Evans Maude who is generally credited with many innovations in the colony including the establishment of the first retail cooperative society on Beru Island in 1931. Maude later became a well-known Pacific Historian.

¹⁸. ibid. p.139. As Macdonald pointed out, Maude's proposals which would fulfil his concern for the participation of traditional leaders in the Native Governments include the establishment of "Island Councils, Island Courts and Lands Court all headed by the Native Magistrates. *Kaubure*, in effect Island Councillors, were to be elected by all adults over the age of thirty."

Government Ordinance, were not implemented until after the end of World War Two.¹⁹ The Ordinance, among other things, provided for the election of the *Kaubure* (councillors).

Largely island based, the system of native governments did not provide a platform for the development of a national political consciousness. What it provided was a string of isolated entities coordinated by officials in Tarawa, and supervised by district commissioners based in selected strategic locations. There was no mechanism for consultations among the island officials to encourage them to see beyond their respective islands and think in terms of a bigger entity. It was not until 1952, with the establishment of Native Magistrates' Conference that island leaders were encouraged to see beyond the narrow confines of their individual islands and think in terms of a bigger entity called 'the Gilbert and Ellice Islands.' In 1956 the Native Magistrates' Conference, which had been meeting annually since 1952, was expanded to a biennial Conference, and to include island magistrates, district delegates, representatives from missions and civil servants.²⁰ Although advisory in nature, with the Resident Commissioner having the prerogative to act on or ignore its advice, the Conference afforded island leaders a platform to think nationally.

Further constitutional developments were put in place in 1963 with the establishment of the Executive and Advisory Councils; the former comprising four official and four unofficial members appointed by the Resident Commissioner, and the

¹⁹. ibid.

²⁰. H. Van Trease, op.cit. p.7

latter made up of five official and twelve unofficial members. Like its predecessor, the Colony Conference, the new councils were largely advisory with the real power still retained by the Resident Commissioner. Nevertheless, they are important in so far as "they introduced people to the processes and activities of a national government"²¹ and as vehicles for the expression of indigenous concerns, particularly by the majority I-Kiribati, who were vociferous in their criticism of colonial policies.²²

The I-Kiribati representatives claimed that the colonial government was favouring Tuvaluans in a number of areas including, appointments to the civil service, selection for government scholarships overseas and entry into secondary schools, and that despite their small population, Tuvaluans were doing better than I-Kiribati. The dissatisfactions by I-Kiribati with colonial policies led to the creation in 1965 of the Gilbertese National Party, whose main political platform was the unification of I-Kiribati and rapid constitutional development.²³ The party was led by Reuben Uatiosa, who was to become the Chief Elected Member and later Leader of Government Business.

Another stage in the political development of Kiribati was reached in 1967 when the colonial government established the House of Representatives and a Governing Council, and introduced for the first time the franchise, through which popular participation in the political process was provided. With increased involvement of I-Kiribati in the political process, the stage was set for rapid constitutional changes

²¹. ibid.

²². R. Teiwaki, op.cit. p.6

²³. ibid.

culminating in independence in 1979.

At the instigation of Reuben Uatioa, the Chief Elected Member, further constitutional changes were introduced in 1971. Under the new constitution, the House of Representative was replaced by the Legislative Council, which consisted of 3 ex-officio members, 2 public service members and 28 elected representatives. The significant change under the new constitution was that the representatives of the people were in a majority. The Leader of Government Business and members of the Executive Council, all elected members, were given greater responsibilities in running the colony.

Under the 1974 constitution, the Legislative Council was replaced by the House of Assembly, which consisted of 28 members and 3 ex-officio members. In place of the Executive, was the Council of Ministers which consisted of the Chief Minister, chosen by members of the House of Assembly, and 6 ministers appointed by the Governor in consultation with the Chief Minister.²⁴

The election of the Chief Minister under the 1974 constitution saw the division of the House of Assembly into two factions, the former members of the Legislative and Executive Councils who rallied behind Naboua Ratieta and the new members, which included young I-Kiribati university graduates. Naboua Ratieta was elected Chief Minister. His faction became the Government, and the other group the Opposition. The Opposition group was led by Roniti Teiwaki who crossed the floor later to become Minister of Finance under Ratieta in 1976, when the first phase of self-government was introduced. In his place, Ieremia Tabai was chosen by his colleagues to be Leader of the

²⁴. H. Van Trease, *op.cit.* p.8

Opposition.

The mid-1970s was an important period of political development, for it saw the culmination of separatist feelings which began in the 1960s with the Gilbertese National Party's dissatisfaction with what they saw as the colonial government's favouritism to Tuvaluans, and was later taken up by Tuvaluans in the 1970s, whose main ground was the fear of being dominated by the majority I-Kiribati in an independent Gilbert and Ellice Islands.²⁵ On another front, the Banabans were demanding the separation of their homeland, Banaba, from the Gilbert and Ellice Islands.

The British Government succumbed to the pressure from the Tuvaluans, and in August to September 1974 a referendum on the separation issue was conducted among the Tuvaluans. The result was a foregone conclusion, 92 percent voted in favour of separation. Thus, in 1976 the separate colony of Tuvalu, formerly the Ellice Islands of the Gilbert and Ellice Islands, came into being.

The Banabans did not get what they wanted. As a compromise, special provisions on the Banaban people and their interests were included into the constitution of the independent Republic of Kiribati.

In July 1976, the Chief Minister, Hon Naboua Ratieta led the Kiribati delegation for talks with the British Government on his government's proposals for internal self-government. Whitehall accepted Ratieta's proposals and agreed on the date to be 1 November 1976, later changed their minds and implemented internal self-government in two phases, in November 1976 and January 1977. Ratieta was incensed, and alleged that

²⁵. For a fuller discussion of the Tuvalu Separation issue, see Barrie Macdonald.1975. "Secession in Defence of Identity: the Making of Tuvalu." Pacific Viewpoint. vol.16 no.1. pp.26-45.

the change was due to Fiji Prime Minister, Ratu Sir Kamisese Mara's intervention on behalf of the Banabans.²⁶

In 1978, elections were held under the new electoral system proposed by the Constitutional Convention of 1977 and enacted by the House of Assembly earlier that year. Since the person elected Chief Minister would be the first President of the independent Kiribati, the election of the Chief Minister in the 1978 election was conducted in the manner recommended by the Convention, which was on a national basis from four candidates nominated by the House of Assembly.

When the House of Assembly resumed after the elections, it was clear that the Naboua government had lost a number of its key members and the Opposition had now got the majority, with the new members supporting Ieremia Tabai. In the selection of the four candidates to contest the Chief Ministership, Naboua Ratieta was eliminated. The election of the Chief Minister, held on 17 March 1978, returned Ieremia Tabai with 55.5 percent of the votes. Tabai led the country to independence and became the first President, when the country became a republic within the Commonwealth on 12 July 1979. Tabai's twelve years tenure as Kiribati President provided continuity and stability of government policies in the country's first decade of independence.

3. THE NATIONAL ECONOMY

a. Characteristics and Constraints

The population (72,000) and land area (810 square km) is very small relative to

²⁶. R. Teiwaki, *op.cit.* p.12; H. Van Trease, *op.cit.* p.9

most South Pacific countries (except Cook Islands, Nauru, Niue, Tokelau and Tuvalu) and by world standards. The small size has implications for economic growth and development. For example, it inhibits the growth of the domestic market as evident in the small contribution of the manufacturing to GDP. The slow growth of the private sector may also be related to size, but perhaps even more so to the resources limits, fragmentation of islands and pervasiveness of government.²⁷ The small size of the domestic market is also a disincentive to regular shipping links by commercial operators.

The Kiribati economy is open and highly dependent on external factors. The external dependence is evident in the 80 % share of GDP contributed by imports. External dependence is also reflected in the proportion of Government recurrent revenue of externally-derived income such as interests from external assets and customs duty, which contribute over 75 percent. The country's exports -- fish and copra -- depend heavily on world market prices over which Kiribati has no control. In addition, the country's development budget as distinct from recurrent budget is mostly funded by external assistance.

A corollary of small physical size often claimed by observers of small states²⁸ is a narrow resource base which restricts the range of development options. Kiribati has limited natural resources, with copra and fisheries as major exports. Other resources such as *eucheuma* seaweed are being developed. Offshore sea-bed minerals, particularly

²⁷. Republic of Kiribati. 1992. *7th National Development Plan 1992-95*. Tarawa: Government Printery. p.25. In 11 years (1980-1991), the Manufacturing sector's share of GDP remain constant at 2.1 percent, while the Wholesale and Retail sectors only recorded an increase of only 1.3 percent.

²⁸. See, for example, G.L. Reid, *op.cit.*

manganese nodules, have been discovered in Kiribati's Exclusive Economic Zone, but it will take some time and substantial financial outlays before they can be exploited.

Another important constraint to economic growth and development in Kiribati is its remote location, away from the main trade routes and from its trading partners. The main trading partner to the south is Australia, over 4,000 km away.²⁹ Shipping links with Australia are provided by an Australian company, Chief Container Services on a 5 to 6 week basis. Air links with Australia are routed through either Nauru or Nadi, Fiji. Another trading partner, Fiji, is 2,000 km to the south. Sea links with Fiji are provided monthly by Kiribati's own shipping company, Kiribati Shipping Services Ltd, which took over the service from the Pacific Forum Line in 1993. Air links are provided by two airlines, Air Nauru on weekly basis through Nauru and Air Marshall Islands twice weekly via Tuvalu. To the east, the nearest market is Honolulu, Hawaii which is about 2,000 km away from Kiritimati. There are no regular shipping links with Hawaii, but Air Nauru provides a weekly air service from Tarawa to Kiritimati to Honolulu. Low levels of trade and passenger traffic to and from Kiribati, lack of cargo for back-loading from Kiribati³⁰-- a consequence of its small size and fragmentation, and the long distances involved deter other shipping and air lines from providing regular services.

The dispersed nature of the country also poses obstacles not only to transport and trade, but also to administration and communications. To appreciate the extent of fragmentation: Tarawa, the seat of government is 3280 km from Kiritimati (Christmas

²⁹. B. Baaro. 1991. Small States: Problems and Opportunities in a World of Rapid Change: The Case of Kiribati. unpublished conference paper, p.3

³⁰. Republic of Kiribati. 1992, ibid. p.148

Island) in the Line Group where developments in marine resources and tourism are based, 4210 km from the Southern Line Islands of Caroline, Flint and Vostock at the south-eastern corner of the country, and 1750 km from Kanton in the Line Group. To illustrate the dispersed nature of Kiribati, the Lands and Survey Division has produced a visual comparison, superimposing Kiribati on the map of the USA. The distance from San Francisco on the Pacific seaboard to New York on the Atlantic side is roughly equivalent to the distance between Tarawa and Kiritimati. (See Map on page 199). But, while San Francisco and New York are linked by a network of roads, rail and air routes, Tarawa and Kiritimati are connected only once a week by air and at irregular intervals by shipping. Even within the Gilberts Group itself, transportation of people and, more importantly goods from Tarawa to the outer islands is often irregular and costly. Recognising the problems associated with the fragmented nature of the country and need for an efficient system of sea and air transport essential to promote trade (internal and external), exchange of produce and materials and social cohesion among the people of Kiribati, the Government of Kiribati has invested heavily in the transport and communication sector. Under the sixth National Development Plan, the share of Transport and Communication in terms of sectoral distribution of GDP at factor cost averaged at 16.5 percent.³¹

Equally important as a factor in the Kiribati economy, and one which compounds the effects of small size, narrow resource base, geographical isolation, fragmentation, and openness on the post-independence economy is the legacy of British colonial policy in relation to economic development. President Tabai, the country's first president,

³¹. Republic of Kiribati. 1992, op.cit. p.135

characterised British economic policy in Kiribati as one of neglect. For, while phosphate was being mined, the rest of the economy was neglected:

...the British during their eighty-seven years of colonial administration did very little for our economic development. They left us with a very poor infrastructure and (sic) not a single viable industry.³²

The country's main natural resource, phosphate, was depleted in the same year as constitutional independence after 79 years of mining. The phosphate industry traditionally accounted for 85 percent of export earnings, 45 percent of Gross Domestic Product and over 50 percent of Government revenue.³³ Through the British Phosphate Commission (BPC) -- a consortium comprising the Governments of Australia, New Zealand and the United Kingdom -- phosphate was mined and exported to the three partner countries, for the larger part, at half the world market price. Given the decisive role that BPC played in shaping colonial policies as provider of a large proportion of the administrative costs of the colony, the present writer has argued elsewhere that it would not be unreasonable to assume that the exhaustion of phosphate and the timing of independence were orchestrated by Whitehall to coincide.³⁴

The long domination of the economy by the phosphate industry in the colonial

³². Jeremia Tabai. 1987. "The Ethics of Development: A Kiribati View." In S. Stratigos and P.J. Hughes. The Ethics of Development: The Pacific in the 21st Century. Port Moresby: University of Papua New Guinea. p42.

³³. Kiribati Government. 1979. National Development Plan 1979 - 1982. Tarawa: Government Printer.

³⁴. U. Neemia. 1992. "Foreign Policy : Coping With Smallness." In H. Van Trease, ed. Atoll Politics : The Republic of Kiribati. Christchurch and Suva: Macmillan Brown Centre for Pacific Studies and Institute of Pacific Studies. p.226

period, and the exhaustion of phosphate at the time of independence put the new state in a very awkward position of losing its substantial degree of economic self-reliance at the time when it achieved its constitutional independence. Locally generated GDP fell by almost half immediately after independence with no new substantial sources of income becoming available in the near future. Government internal revenue also fell by 45 percent, and for the first time, a massive (in relative terms) and growing deficit now exist on the country's balance of payments.

b. Economic Trends

Gross domestic product (GDP) at factor cost has increased from \$23.4 million in 1980 to \$40.8 million in 1991.³⁵ Growth has, however, not been consistent and uniform, with real rises in GDP in some years being largely offset by declines in others. But, the overall trend is slow growth. Moreover, given an average annual inflation rate of 6.0 per cent and a population growth of about 2.0 per cent per annum, real per capita GDP appears to have declined by about 1 per cent per annum over this period.³⁶ This has been compounded by the fact that subsistence production, in terms of non-cash incomes per capita, has also declined at a faster rate than cash incomes.

The economy grew strongly in 1988 as fish catch recorded a four-fold volume

³⁵. Kiribati Ministry of Finance and Economic Planning. 1992. Seventh National Development Plan 1992-95. Tarawa: Government Printery. p.22

³⁶. Kiribati Ministry of Finance and Economic Planning. 1991. Report on the State of Economy the Economy. Briefing paper. p.2

increase to 1,456 metric tonnes, due largely to favourable weather conditions.³⁷ Copra production also rose to its highest level in recent years to 14,406 metric tonnes, largely a result of dry weather favourable to copra drying.³⁸ In 1989, growth performance was mixed. The fish catch again increased by about 50 per cent, partly due to a net addition to the size of the commercial fishing fleet, and both construction activity and manufacturing output were buoyant. On the other hand, copra production declined sharply due to extended drought.

In 1990, however, financial problems experienced by the state-owned *Te Mautari Limited* together with fleet maintenance problems and shortage of baitfish, led to a decrease in tuna exports. At the same time, exports of *eucheuma* seaweed have surpassed copra in value, with production increasing from 750 to over 1000 tonnes from 1990 to 1991. Unfortunately, a drop in the world market price from US\$675 to US\$500 per tonne coupled with high freight rates and a break-even price of US\$550 per tonne, have cast doubt on the sustainability of the industry and the ability of Kiribati to compete with the Philippines which produces 75 to 80 percent of the world's supply at a break-even price of US\$475 per tonne.³⁹

Despite severe constraints, the contribution of two major productive sectors, agriculture (almost exclusively copra) and fisheries have grown significantly from about

³⁷. Kiribati Ministry of Finance and Economic Planning. 1992. op.cit.
p.22

³⁸. ibid.

³⁹. Kiribati Ministry of Finance and Economic Planning. 1991. op.cit. p.5

18.2 per cent in 1980 to about 29.7 per cent in 1988.⁴⁰

The other important component of the productive sector is tourism. The industry is very small (in terms of visitors arrivals, the number of people employed in the industry and its contribution to GDP) in comparison with other Pacific island states such as Cook Islands. In line with Government policy, the development of this industry has been moderate and controlled. According to the most recent official figures, 2780 visitors arrived in Kiribati in 1991.⁴¹ This figure does not distinguish between tourists, those who came on business and to visit family and friends. Of the total number of visitors in 1991, 2446 visited Tarawa and the remaining 344 visited Kiritimati.⁴² In the past, most 'tourists' visited Kiritimati where the main attractions are sport fishing and birdlife, but because of disrupted air links in 1991 the number declined from 661 in the previous year.⁴³ With the resumption of regular Air Nauru flights between Kiritimati and Honolulu, the number of visitors to Kiritimati is likely to pick up⁴⁴.

The manufacturing sector, which started almost from scratch, has increased significantly with the development of a few small industries producing consumer goods, such as hard biscuits, steel buckets, soap and coconut oil, exercise books, flipflops (rubber sandals) and garments. In 1991, the manufacturing sector contributed 2.1 percent

⁴⁰. ibid.

⁴¹. Kiribati Ministry of Finance and Economic Planning. 1992. op.cit. p.127

⁴². ibid.

⁴³. ibid

⁴⁴. Air Nauru withdrew the service in early 1995, and there was no service linking Christmas Island and Honolulu for more than 6months. The service was resumed in September by an Hawaii-based airline.

of GDP.⁴⁵ The current National Development Plan 1992-95 projects the manufacturing sector to grow at about 6 percent per annum with the addition of a new garment export factory and other small industries such plastic bag-making and a matches factory which are proposed for the current plan.⁴⁶

The Government sector is by far the largest sector with 32.7 percent share of GDP in 1991. With the end of the phosphate industry, public sector activities increased in importance and "the burden of maintaining an equilibrium level of activity in the country rested mainly on Government."⁴⁷ The relative prominence of Government in the economy is reflected in the 77.7 percent growth in expenditure on public administration over a twelve year period from 1979. Over all, despite severe constraints to economic growth, the country made slow, but reasonable progress during its first decade of independence. Faced with the loss of phosphate revenues, resulting in substantial declines in GDP, government revenue and exports, and a consequent curtailment of certain essential services, the country has tried hard to adjust to the new conditions. On some measures, it has done well.

For the first ten years after independence, a high proportion of public investment was directed toward the creation of basic infrastructure, particularly in the transport and communications, education and health sectors.⁴⁸ The tax base was broadened and recurrent expenditure, especially on wages and salaries, kept under tight control.

⁴⁵. ibid p.25

⁴⁶. ibid p.24

⁴⁷. Ministry of Finance. 1988. Sixth National Development Plan, 1987-91. Tarawa. p.28

⁴⁸. ibid.

Borrowing was kept to a minimum and restricted to capital expenditure. Withdrawals from the RERF for both capital and for recurrent purposes were kept to the minimum. The rising expenditure on public administration was met by Kiribati itself without the need for budgetary assistance. In the long term, the marine and seabed resources within Kiribati's extensive EEZ offer the greatest potential for economic growth and development.

c. Government Finance and Fiscal Policy

Phosphate taxes and royalties contributed about \$8.35 million to Government revenues in 1979, but ceased thereafter with the cessation of mining, causing a sharp fall in Government revenue from about \$17.5 million to about \$9.2 million in 1981.⁴⁹ In anticipation of the exhaustion of phosphate, the then colonial Government in 1956 set up the Revenue Equalisation Reserve Fund (RERF) out of phosphate tax incomes. The RERF, which stood at about A\$324 million as at November 1994,⁵⁰ was boosted by the phosphate price boom in the early 1970s, and is currently managed by a reputable firm of investment managers in the UK. Income from the RERF has become a major source of Government revenue and foreign exchange earnings over the years. The gap in Government revenues has been, therefore, covered partly from foreign grants and partly by withdrawal from of interest income from the RERF.

In an economy with a very significant subsistence and small production base, new

⁴⁹. Ministry of Finance. 1981. Estimates of Recurrent Income and Expenditure. Tarawa; Government Printery. p.7

⁵⁰. President Teburoro Tito. 1994. Government Policy Statement. typescript. p.1

sources of revenue are limited. There has been, however, growth of about 15 per cent per annum in Government revenue since 1981.⁵¹ Tax revenue increased in 1988 to about \$7 million, i.e., to about 18 per cent of GDP, because of a sharp increase in direct tax revenue in recent years, the average ratio to GDP rising from 4.4 per cent in 1980 to 7.5 per cent in 1989.⁵² Indirect tax revenue, in the form of customs duties, also increased with increasing imports, but as a ratio of GDP, has remained around 14 per cent.⁵³ This is mainly because most of the duties have been specific to certain imports which have risen evenly across the board.

Since January 1990, the fiscal out-turn has improved with the adoption of the new Income Tax Act 1990 which, besides covering new grounds, has helped tighten tax administration.⁵⁴ The Customs Act 1993 aimed to simplify customs arrangements and bring them in line with other countries in the region. Under the new system, import duty is based on C.I.F rather than F.O.B values, thus increasing revenue from imports.

Non-tax revenue is derived mainly from interest from the RERF, and from licensing fees from foreign vessels fishing within Kiribati's EEZ, which have also has grown steadily over the past decade. The drawings from the RERF income have represented residual needs -- that is, what remains after revenue has been taken into

⁵¹. Ministry of Finance and Economic Planning. 1991. op. cit. p.7

⁵². ibid.

⁵³. ibid.

⁵⁴. Some of the new grounds covered by the Income Tax 1990 include, incentives to pioneer industries and a wide range of provisions covering commercial and business practices such as change in control of companies, inter-company dividends, asset and profit stripping, incorporation roll-over and reconstruction roll-over. The new Act also introduced a new set of guidelines covering, among other things, source of income, tax on repatriated profits, double taxation agreements and foreign tax credits.

account -- and have averaged \$5.2 million in the ten year period 1980 to 1990.⁵⁵ Income from fish licensing fees has increased from \$616,000 in 1980 to about \$2.87 million in 1989.

Government has followed a very prudent fiscal policy designed to restrict expenditure to available resources, thus achieving a budgetary balance in most years. Recurrent expenditure in real terms has, therefore, declined from about 65 per cent of GDP in 1980 to only 50 per cent in 1988. Development or capital expenditure on the other hand has been financed almost entirely from external aid. In line with this tight fiscal policy, recourse to borrowing has been avoided as far as possible. Debt servicing has, therefore, remained negligible. A major aim of government policy in this regard has been to encourage private sector development and to focus on the development of productive and infrastructure sectors, which could provide for sustainable, and relatively debt-free, future growth. As a result, a reasonably sound infrastructural base, in terms of transportation and communications, electricity and water supply, has now been laid.

Due to lack of entrepreneurship, skills and capital, in the early years of independence, government remained responsible for providing certain essential basic services, such as fuel supply, printing and shipping, generally through direct investment and the setting up statutory bodies. These accounted for a significant proportion of public sector investment and were funded mainly through external aid. These public enterprises have, however, not been subject to strict financial control, and due to a shortage of

⁵⁵. Teuea Toatu. 1992. "The Revenue Equalisation and Reserve Fund." In H. Van Trease, *op.cit.* p.186

commercial and managerial skills, have often run at a low level of efficiency or at a loss, which require considerable government subsidies. Government has attempted to improve the operational efficiency of these enterprises, and has been able to reduce subsidies gradually from \$2.7 million in 1982 to only \$400,000 in 1990.⁵⁶ It has also made the privatisation of selected enterprises a priority. In this respect, policy guidelines have been established under which public enterprises are proposed to be transferred to the private sector through divestment of ownership, joint venture undertakings and/or management contracts. Due to numerous constraints, including shortage of domestic private capital, success in this field has, so far, been very limited. The unpopularity of the privatisation policy with the employees of government-owned companies and statutory bodies has forced the new Government, which took office in October 1994, to freeze the privatisation exercise.

4. CONCLUSION

The issues facing Kiribati are characteristic of 'island microstates' in which the consequences (or problems) of smallness are particularly severe. Small and scattered land area, small and fragmented population and small economy are in most cases, the underlying economic issues facing Kiribati. As a small producer relative to major producers (e.g. Philippines, in the case of eucheuma seaweed and copra), Kiribati is a price-taker for its export commodities.

Smallness, in most cases and particularly in the case of Kiribati, also correlates

⁵⁶. B. Boanareke (Minister of Finance). 1990., Budget Speech, typescript, p.8

with narrow terrestrial resource base and therefore imposes limitations on financial resources at the disposal of the Kiribati government, hence its capacity not only to meet its annual recurrent costs, but also national aspirations through the provision by government of services and the pursuit national development objectives. The deficiencies of national capacity thus lead to the openness of the economy and the dependence of the country on the outside world. Within this context of dependence and openness, foreign policy behaviour focusses, to a large extent, on attempts to benefit economically and otherwise from its external relations.

CHAPTER EIGHT

REPUBLIC OF KIRIBATI

FOREIGN POLICY BEHAVIOUR

As in the first case study, this chapter examines the foreign policy behaviour of Kiribati under the same issue-areas. It begins by tracing the development of the country's foreign policy machinery.

1. DEVELOPMENT OF THE FOREIGN POLICY MACHINERY

Up to independence, the responsibility for foreign relations in the then Gilbert Islands was vested in the Governor, who discharged it on behalf of the United Kingdom Government. During colonial rule, the foreign relations function involved liaisons with foreign governments, including dealing with other Commonwealth countries, particularly Australia and New Zealand which were the main markets for the colony's phosphate export, and much later towards the end of colonial rule, providers of development assistance. Foreign relations also involved dealing with the South Pacific Commission, a regional organisation (in which the United Kingdom was a member) which provided a range of technical assistance to the colony.¹

¹. Peter Timeon, personal communication. 10 September 1991.

When the country achieved self-governing status in 1976, the elected Government led by Naboua Ratieta began to assume limited responsibility for some foreign affairs matters. Initiatives taken by the Ratieta government included discussions with the Japanese regarding fishing rights in Kiribati waters, and negotiating Kiribati's membership in the South Pacific Forum and the Asian Development Bank.²

Kiribati (then the Gilbert Islands) joined the South Pacific Forum in 1977 despite opposition from Fiji's Prime Minister, Ratu Sir Kamisese Mara, who argued that the timing of the Gilbert Island's independence was uncertain as there were issues relating to the interests of the Banaban people which needed to be resolved. In the same year, the Gilbert Islands acquired associate membership of the Asian Development Bank, and the Ratieta government successfully negotiated the country's first overseas loan from the Bank.³

These foreign affairs initiatives were not made independently without the Governor. As Chairman of the Council of Ministers until his voluntary withdrawal in January 1977, the Governor was an active participant in most of the decisions made by Naboua Ratieta's so-called "first Gilbertese Government."⁴

As part of the preparations for independence, a small unit dealing with foreign

². Naboua Ratieta. 1980. "The First Gilbertese Government." In H. Van Trease, ed. Politics in Kiribati. Suva and Tarawa: Institute of Pacific Studies and Kiribati Extension Centre. p.17

³. This loan was for the Betio/Bairiki causeway.

⁴. Ratieta referred to his government as "the first Gilbertese Government." See, Ratieta, op.cit. passim.

relations was established within the Office of the Chief Minister towards the end of 1978 and the training of foreign affairs staff began with short-term attachments to the Foreign Office in London and the Australian Department of Foreign Affairs. One of the first tasks was the planning of national independence and the handling of arrangements for foreign dignitaries coming for the celebrations.

On independence day, the small Foreign Affairs Division of the Chief Minister's Office became a fully-fledged Ministry of Foreign Affairs with the President becoming the Minister of Foreign Affairs. The Ministry had a complement of three officials, namely, the Secretary for Foreign Affairs and two Assistant Secretaries, and two support staff. Later this number was to increase to nine (4 officials and 5 support staff) in 1989 to reflect the growing responsibility of the ministry resulting from increased relations with more countries and membership in regional and international organisations. Following the 1991 elections, President Teatao Teannaki added International Trade to the Foreign Affairs portfolio, the staff complement increased to fourteen -- 5 officials and 9 support staff -- to carry out the enlarged role of the Ministry.

2. POLITICAL-DIPLOMATIC ISSUE-AREA

a. Objectives of Foreign Policy Behaviour

The first Foreign Policy statement issued on independence had the following objective:

To develop good relations with other nations, and in particular to develop

*cooperative relations with Pacific
neighbours⁵*

This objective was elaborated thus: Kiribati will pursue an open policy without ideological prejudice, with priority given to the development of friendly and cooperative relations with Pacific nations and Pacific regional organisations.⁶ As a fashionable independence rhetoric, the open above foreign policy objective said very little about the Kiribati government's intentions with foreign relations beyond the South Pacific region, except to underscore the desire by Kiribati to cast its foreign affairs net widely so that it has relations with as many countries as possible. The more countries Kiribati was involved with the better for the recognition of its sovereign status and for the support of that status internationally. The open foreign policy objective might have, in some cases, presented an exaggerated picture of the country's foreign policy.

b. Bilateral Relations

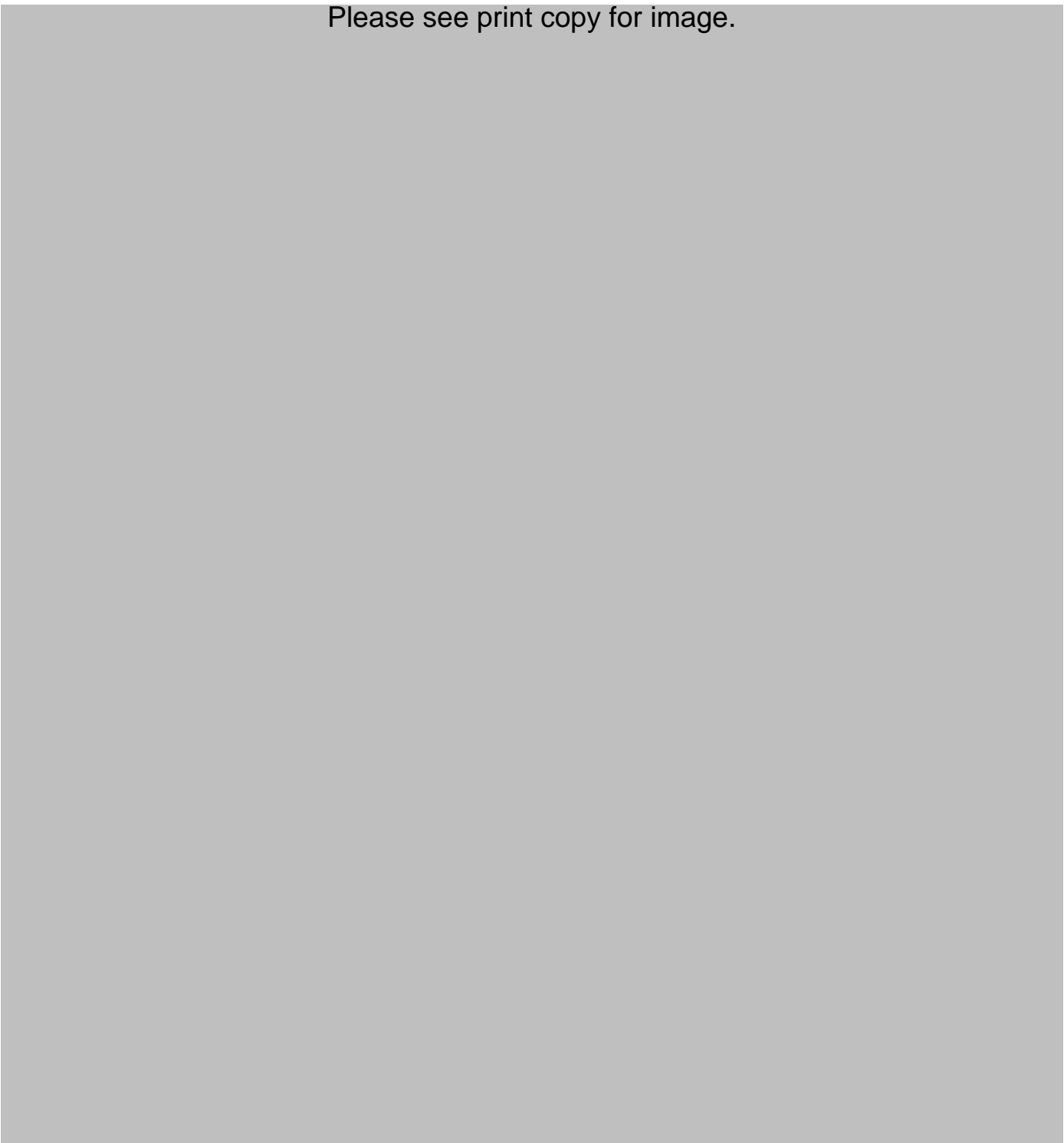
In reality, the stated openness of Kiribati's foreign relations at independence was far removed from the actual pattern. On closer examination, the pattern of bilateral relations clearly reflected emphasis on ideological ground (i.e. closer identification with the West) and geographically (i.e. concentration on Europe and the Pacific Region). This pattern of bilateral relations remains unchanged in 1994 as shown in Table 8.1.

⁵. Kiribati Government. 1979, op.cit. p.75

⁶. ibid.

Table 8.1

Please see print copy for image.



(Source: Ministry of Foreign Affairs and International Trade. 1994. Diplomatic List, 1994. Tarawa).

Recognising the pattern of foreign relations as it developed in the immediate post-independence era, President Ieremia Tabai justified it in a definitive statement given to the first meeting of Third session of the Maneaba ni Maungatabu on 13 July 1982:

Government will continue to pursue an open foreign policy, though for historical and economic reasons, we will maintain a close link with the West. Government plans to consolidate Kiribati's role in the Pacific by more active participation in regional affairs through the medium of regional organisations. We will endeavour to strengthen the friendly relationships with those countries with whom we have established diplomatic links, and especially the UK, Australia, New Zealand, each of whom have given us generous financial aid and support during our progress towards development. We intend also to develop further diplomatic and consular links with countries outside the Pacific, particularly in South East Asia and Europe. We will remain a member of the Commonwealth and an active participant in its affairs....⁷

Since independence, governments of 34 countries have formally recognised Kiribati's independence and established formal contact by opening diplomatic relations, and vice versa. Table 8.1 lists the countries chronologically and by geographical region. A closer look at the countries having diplomatic relations with Kiribati will reveal that the countries are, broadly, the same countries as those with which Kiribati has existing relations (especially, economic relations including trade, investment, fisheries, employment and development assistance) or the countries which participate with Kiribati in Pacific regional organisations, the Commonwealth, the Economic and Social Commission for Asia and the Pacific (ESCAP), and EEC/ACP. The only countries with which Kiribati has no prior association or interaction in

⁷. Republic of Kiribati. 1982. Minutes of the First Meeting of the Third Session of the Maneaba ni Maungatabu. Tarawa: Government Printery. p.745

international cooperation among the thirty-four are Russia (except for a brief one year Fisheries Agreement), Latvia and Israel. On the basis of this pattern of bilateral relations, it could be argued that formal diplomatic relations is largely a means through which prior existing relations become formalised.

Of the thirty-four having formal diplomatic relations with Kiribati, three -- namely, Australia, New Zealand, People's Republic of China -- have resident missions in Tarawa. The fourth resident mission, the High Commission of Great Britain and Northern Ireland, was recently downgraded to an Aid Management Office and the British Ambassador to Fiji was accredited to Kiribati as from July 1994. The downgrading of Britain's mission in Kiribati is not an isolated instance, but part of a wider British Pacific policy which has rationalised and redefined British interests in the Pacific in the context of a changing World. Britain's withdrawal from the South Pacific Commission in 1992 must also be seen as part this wider British international policy. With more pressing commitments in Eastern Europe and in the former Soviet Union and with the Cold War over, it is understandable that Britain should concentrate its diplomatic efforts and development assistance in areas it perceives as 'priority' areas, knowing that Kiribati is well-looked after by other like-minded countries, particularly Australia and New Zealand, with strong interests in the area.

In addition, Kiribati (and the South Pacific region generally) have never been a priority area as far as British politicians and top officials are concerned. A senior aid official from Britain's Overseas Development Administration once made a passing remark to a group of academics with research interests in the South Pacific that British

politicians rarely give much consideration to the South Pacific (except in the event of a major crisis such as the Fiji coups of 1987 and the Bougainville crisis) and that it is often the aid officials' personal commitments to the Pacific and their persuasion of their superiors, rather than official policy, which maintained British aid to the Pacific at respectable levels.⁸

The downgrading of the British diplomatic mission to an aid management office was seen by some Kiribati officials in a positive light, and rather philosophically, as meaning that Kiribati is now matured and can stand on its own without its former colonial mentor.⁹ This comment underlined the fact that Kiribati's relations with Britain have declined in importance as new bilateral partners enter the scene. British aid, which used to account for the bulk of aid to Kiribati immediately after independence, has been declining steadily since independence as the pool of donors to Kiribati diversified, its budgetary grant was terminated in 1985 at the request of Kiribati, and that the United Kingdom is no longer the major development partner it used to be in the immediate period following independence.

Most missions from countries having diplomatic relations with Kiribati are accredited from three main centres, namely Suva (Fiji), Wellington (New Zealand), and Canberra (Australia).¹⁰ It seems that the question of proximity to Kiribati figured

⁸. Pamela Wilkinson, personal communication. 3 November 1994.

⁹. Kaburoro Ruaia, (Senior Assistant Secretary, Ministry of Foreign Affairs and International Trade), personal communication. 4 August 1994.

¹⁰. Governments which accredit their representatives from Suva are: Federated States of Micronesia, France, Israel, Japan, Malaysia, Papua New Guinea, South Korea, United Kingdom, and USA; from Canberra: Bangladesh, Chile, Greece, Peru and Portugal; and from Wellington: Belgium, Canada, Federal Republic of Germany, India, Italy, Netherlands and Russia.

prominently in other countries' consideration of their centre of accreditation to Kiribati. Apart from these three centres, nine governments, all from the South Pacific region, together with Singapore chose to accredit their ambassadors (or high commissioners, in the case of Commonwealth countries) from their own capitals.¹¹ The Republic of Latvia is the only country which accredits its representative from London.

Because of the costs involved, Kiribati has no diplomatic missions abroad, but the Secretary for Foreign Affairs and International Trade serves as Roving Ambassador to countries with which Kiribati has formal diplomatic relations. In addition, honorary consulates have been set up in eight selected countries -- Sydney (Australia), Tokyo (Japan), Auckland (New Zealand), Port Moresby (Papua New Guinea), Honolulu (USA), Seoul (South Korea), Hamburg (Germany), and Leicester (UK). In most of these countries, Kiribati has either diverse and intensive commercial or official interaction, or significant interaction (at least to Kiribati), sometimes with only one, but important element.

Countries with which Kiribati has diverse and intensive commercial interaction, and in the Kiribati government has appointed honorary consuls or consul-generals, include:

1. Australia, which, among other things, a major trading partner providing over

¹¹. Countries in this group are: Fiji, Marshall Islands, Nauru, Singapore, Solomon Islands, Tonga, Tuvalu, Western Samoa and Vanuatu.

45 percent of Kiribati's imports in 1991¹², a major aid donor accounting for 30.6 percent of total aid to Kiribati in 1989¹³, a source of foreign investment, and a major actor in Pacific regional cooperation.

2. Japan, a major trading partner providing 18 percent of Kiribati's imports in 1991¹⁵, a major aid donor providing 30.1 percent of total aid to Kiribati in 1989¹⁶, a major partner in fisheries licensing arrangement, and an employment market for I-Kiribati seamen trained for fishing vessels¹⁷;

3. UK, the former colonial power and partner in the Commonwealth, a source of aid contributing 15.3 percent of Kiribati's total aid receipt in 1989¹⁸, a source of training and technical assistance, and an investment market¹⁹;

3. USA, a Treaty of Friendship partner, a tourist market, an export market for marine products from Kiribati, and a fisheries access agreement partner;

4. Germany, on its own as a labour market for merchant seamen employment

¹². Ministry of Finance and Economic Planning. 1992. op.cit. Calculated from Appendix Table 10.5

¹³. R.V. Cole. 1993. "External Economic Relations of Pacific Island States." In R.V. Cole and S. Tambunlertchai, eds. The Future of Asia-Pacific Economies: Pacific Islands at the Crossroads?, Kuala Lumpur and Canberra: Australian National University and Asian and Pacific Development Centre. p.86

¹⁴. Two of the major foreign investors in Kiribati are Australian corporations, Westpac in banking and OTC International in telecommunications.

¹⁵. Ministry of Finance and Economic Planning. 1992. op.cit.

¹⁶. R.V. Cole, op.cit. p.86

¹⁷. Between 1989 and 1994, over 200 I-Kiribati have completed training for employment on Japanese tuna boats. Almost have been employed by Japanese tuna boats.

¹⁸. R.V. Cole. 1993. op.cit.

¹⁹. The country's Revenue Equalisation and Reserve Fund (RERF) and Kiribati Provident Fund are invested abroad through James Capel and Co., a reputed firm of stock brokers in the UK.

and as part of the EEC, for development cooperation;

5. New Zealand, the source of 6.5 percent of imports in 1991,²⁰ and of 10 percent of aid in 1989,²¹ a source of education and training, and a partner in the South Pacific Forum and in other regional organisations.

Other countries where Kiribati has appointed honorary consuls include, South Korea, a distant water fishing nation with interests in fishing in Kiribati's EEZ, and a labour market for I-Kiribati seamen; and Papua New Guinea where the decision to appoint an honorary consul was more to take advantage of the willingness of a former I-Kiribati national now naturalised in Papua New Guinea to represent Kiribati rather than in anticipation of direct benefits.

The Kiribati Government is generally happy with the performance of honorary consuls. Apart from assisting visiting I-Kiribati dignitaries and officials, assisting resident and visiting I-Kiribati, issuing visas and providing information on Kiribati to the host governments, most honorary consuls provide other invaluable services, which include procurement of items required urgently by the Kiribati government. Some of them even report back to Kiribati on developments in their home countries which might be of interest to Kiribati.²²

Because of the importance of Fiji as host to a number of regional institutions such as the Forum Secretariat, the South Pacific Applied Geoscience

²⁰. Ministry of Finance and Economic Planning. 1992. op.cit. Appendix Table 10.5

²¹. R.V. Cole. 1993. op.cit.

²². Peter Timeon, personal communication. 10 September 1991.

Commission(SOPAC), the University of the South Pacific, and the Tourism Council of the South Pacific as well as a base for some international organisations' regional programmes, for example, UNDP and the European Union, and as trade partner and a place where a sizeable I-Kiribati community resides, the present Kiribati government is currently considering the establishment of a mission in Suva.²³

In almost every case of bilateral relations, the initiative for the establishment of diplomatic relations came largely from the other governments, except in case of diplomatic relations with South Pacific island states where the initiative has been, in most cases, taken by Kiribati -- something that the Kiribati government has to do as a way of giving meaning to its stated foreign policy objective of giving priority in its bilateral relations to its Pacific neighbours.

Overall, the bias of Kiribati's bilateral relations to the West and European countries in the early years of independence was, to some extent, inevitable given that the initiative came from those countries and the Kiribati government did not want to be seen as selective. After all, these relations cost little financially to Kiribati, but are essential to Kiribati, for they imply recognition of its independence by other states. Over the years, the Government of Kiribati has been able to focus its interests, which in most cases are economic, on some key countries, as reflected by the pattern of its representation by honorary consuls and consul-generals. The small size of the country and its limited financial resources have prevented the establishment of full diplomatic

²³. Erioti Ali, (Assistant Secretary, International Trade), personal communication . 17 November 1994. It is understood that a paper prepared by the Ministry of Foreign Affairs and International Trade on a mission in Fiji setting out the costs and benefits of the proposal was considered by Cabinet in early 1995.

missions to pay closer attention and promote the interests of Kiribati in these selected countries, so government has resorted to honorary consuls, whom, the evidence suggest have done a good job with very little costs to Kiribati. In Kiribati's experience, honorary consuls and honorary consul generals provide the Kiribati government with some means of representation as well as mechanisms for monitoring important issues relevant to Kiribati's national interests and needs in the host countries. Some honorary consul generals have been very instrumental in promoting Kiribati's interests in the host country. For example, Kiribati's consul in Auckland (New Zealand) was instrumental in establishing a work scheme through which a number of I-Kiribati (both men and women) found work in New Zealand. Kiribati's consul general in Tokyo, as will be seen later in this chapter, played an important part in negotiating Kiribati's joint-venture with a Japanese fishing corporation. More recently, Kiribati's honorary consul general in Honolulu has played a key role in the resumption of air links between Kiribati and Hawaii, and internally between Tarawa and the far-flung government centres of Kiritimati in the Line Group and Kanton in the Phoenix Group²⁴. The airlink has important contributions to the country's eco-tourism industry in Kiritimati.

c. Multilateral/Regional Relations

Because of the costs involved in membership contributions and participation, Kiribati has been very selective right from the beginning in its multilateral relations.

²⁴. Te Uekera. 21 July 1995. p.4

There have been careful consideration of costs and benefits of involvement, particularly in international organisations, before membership is sought. Thus, because of the prohibitive costs, Kiribati has not applied for membership of the United Nations. It has, however, opted for a cost effective alternative of seeking membership in UN specialised agencies such as the United Nations Development Program(UNDP), International Civil Aviation Organisation(ICAO), International Monetary Fund(IMF), Universal Postal Union(UPU), International Maritime Organisation(IMO), United Nations Industrial Development Organisation(UNIDO), Economic and Social Commission for Asia and the Pacific(ESCAP), and the World Health Organisation(WHO).

Kiribati is also a member of the Commonwealth, the African Caribbean Pacific Group, the Asian Development Bank, World Bank, and Pacific regional institutions -- the South Pacific Forum, South Pacific Commission(SPC), the Forum Fisheries Agency(FFA), the South Pacific Applied Geoscience Commission(SOPAC), the South Pacific Forum Line(PFL), South Pacific Environment Programme(SPREP), University of the South Pacific(USP), Pacific Islands Development Program(PIDP) and Tourism Council of the South Pacific(TCSP).

From the Kiribati government's perspective, membership in these multilateral agencies, including Pacific regional organisations, is expected to provide Kiribati with much needed financial, development and technical assistance, and other benefits such as exchanges of information, thus supplementing bilateral aid and at the same time diluting dependence on a handful of dominant states.

If participation costs are an indication of the scope of Kiribati's multilateral involvement, then it would seem that much of Kiribati's financial resources allocated for multilateral agencies is committed to Pacific regional institutions, which take up roughly 60 percent of the total allocation for multilateral organisations.²⁵

From the perspective of individual island states, including Kiribati, regionalism is often viewed as a useful vehicle for asserting their individual and collective interests and for moderating the adverse effects of neo-colonialism. Regionalism also provides a source of strength for Pacific island states. Most importantly, regionalism is increasingly becoming an important channel of development assistance, additional to assistance from bilateral donors and direct aid from international organisations.

Because of its smallness (in terms of its economy and population and relative to other participating states) Kiribati has not benefitted from some of the major regional programmes, particularly SPARTECA -- a regional trade agreement which gives island products preferential access to Australian and New Zealand markets. Commenting on SPARTECA, President Tabai pointed out:

In my view SPARTECA worsens the problem of the widening economic gap....While I know it would be unreasonable for us to demand the end of the agreement, we do submit that new and imaginative arrangements be put in motion to address directly the peculiar problems of the small island states. What is required is a new frame of mind, a new attitude capable of responding to problems that may not fit with

²⁵. Calculated from the 1991 Estimates of Revenue and Expenditure.

*the existing rules of the game.*²⁶

Thus, Kiribati is committed to the need for a change in regional efforts for trade, with greater emphasis on the requirements of small island states. Tabai's comments in a public lecture at USP in October 1983 underlined his government's concerns for the very small island states in Pacific regional cooperation:

*[In Pacific regional cooperation] the small island nations must, at least, be made to feel that their comparative interests in many facets of regional cooperation are catered for. If this is not possible, then the association will not be one of partnership, but domination. And we know this is not conducive to either harmony or progress.*²⁷

In the following year at the 1984 Forum in Tuvalu, and taking advantage of Forum leaders' presence in Tuvalu where they could see and experience firsthand the situation of a very small island state, President Tabai initiated discussion on the peculiar problems of the smaller members of the Forum. His initiative struck a sympathetic chord with other Forum leaders, and particularly Australia and New Zealand. The meeting approved a special programme on small island states within the Secretariat's work programme. As part of this programme, the Forum established the Small Island Countries(SIC) Shared Financing Facility in 1987 with the objective of providing "a quick and flexible response to...small island countries' development

²⁶. Pacific Islands Monthly . July 1988. p.28

²⁷. Ieremia Tabai. 1983. Pacific Regional Cooperation and Small Island States . The Pacific Way Lecture text, USP.

programmes not catered for by other aid programmes..."²⁸ This shared financing facility is funded by Australia and New Zealand which provided "seed money" of F\$1.3 million with the expectation that other donors would contribute to it. In 1992, Kiribati received F\$143,548 from this facility.

The Government of Kiribati is also mindful of the fact that regional cooperation can constrain the practice of national independence as Kiribati experienced in its 1985/86 fisheries agreement with the Soviet Union when its more powerful partners in Pacific regional bodies tried to dissuade Kiribati from concluding the deal in the interest of regional security. From time to time, Kiribati has voiced opinions different from those shared by the majority of other regional countries. For example, it openly criticised the Multilateral Fisheries Treaty with the US for its unfairness to countries where tuna is fished.²⁹ More recently, Kiribati officials have told Japanese fisheries negotiators that they do not support the Forum's effort to negotiate a multilateral fisheries treaty with Japan, because it is to, Kiribati perspective, unfair to countries like Kiribati, where the most of the tuna is caught.³⁰

Kiribati also has not relied exclusively on regionalism on certain key issues, but

²⁸. Forum Secretariat. 1993. Third Economic Summit of Smaller Island States Leaders, Funafuti, Tuvalu. Agenda item 5, Paper SPFS(93)SIS.4

²⁹. The new government of President Teburoro Tito has decided to review Kiribati's commitment to the Treaty as there is a strong feeling that the present arrangement short-changed Kiribati, and countries (e.g Western Samoa, Niue etc.) which do not have the tuna are benefitting. Kiribati believes it stands to gain more by negotiating directly with the US on its own, or as part of the sub-group which shares the same interests of maximising their gains from a resource which is concentrated in their waters.

³⁰. Teekabu Tikai, (Deputy Secretary, Natural Resource Development), personal communication. 9 December 1994.

has sought, and taken alternative actions, outside regional arrangements. In shipping, for example, which is vital to Kiribati's economic well-being, it did not wait for the Pacific Forum Line to resume its feeder service to Kiribati and Tuvalu from Fiji. The Government-owned Kiribati Shipping Services Limited has since 1993 launched its own shipping service to replace the feeder service.

These stances and actions are a few of many examples which suggest the shortcomings of regionalism. The examples showed that there are areas which are better handled outside regional arrangements, and vice versa.

It is obvious from the foregoing account of Kiribati's formal bilateral and multilateral (including, regional) relations that, to a large extent, Kiribati's foreign policy behaviour conform to East's conventional model of traditional small state behaviour. Smallness (which in the present case correlates with limited terrestrial resources) clearly restricts the scope of Kiribati's external relations and its ability to put more into the relations, through for example, establishing full diplomatic missions in countries where Kiribati's interests lie. In the case of multilateral relations, Kiribati has been very selective with its membership of international organisations, and cost-benefit considerations have featured prominently in its selection of what international organisations to seek membership of. While it is true that the scope of the external relations of small states (and more so, island microstates) is limited -- in terms of the number of countries with which they have bilateral relations and in the number of international organisations they are members of -- the important issue is not so much the scope as the benefits a small state gets from such external relations. Thus, for

Kiribati, the main issue is the benefit from its external relations rather than the scope. Does the pattern of relations serve the interests of the country as defined by its decision makers? Are the relations beneficial in so far as the national objectives of Kiribati are concerned? Given the asymmetry of the relations between Kiribati and its bilateral partners, what room for manoeuvre does the state have in the pursuit of its national interests, if any? These questions will be addressed later in this chapter and more fully in the next one.

3. MILITARY-SECURITY ISSUE-AREA

The likelihood of an unprovoked attack on Kiribati's independence and territorial integrity by another country was hardly a major consideration by I-Kiribati leaders. The debates in the House of Assembly immediately before independence on the merits of the country having a defence force, and the fall of the Naboua Ratieta-led government on the unpopularity of its defence force proposal seem to suggest, among other things, that the threat of an attack from another country was considered a remote possibility by I-Kiribati leaders, and the ordinary people. Even if the threat is considered a possibility, then there is a feeling at various levels in Kiribati of the futility of attempts to resist it. The 'no military threat' and the 'futility of national defence efforts' scenarios were implicit in Section 126 of the constitution of Kiribati, which forbids government from establishing another disciplined force apart from the Kiribati Police Force, the Prison Service, the Marine Protection Service and the Marine Training School.

In the event that a sustained external attack were to arise, there seems to be some understanding by I-Kiribati officials -- which is not based on fact, but rather on historical experience, given that Tarawa was one of USA's major World War Two battlefields in which hundreds of Americans lost their lives -- that other countries, and in particular, the USA, are obliged to assist Kiribati, if asked by Kiribati to do so. It is interesting to note, however, that no country has offered to guarantee Kiribati's defence should an unprovoked attack occur, although peace and security are among the matters on which article 2 of the Treaty of Friendship provides for consultations with the United States. In addition, other countries such as Australia and New Zealand have special forces which might be rapidly deployed in or near Kiribati, but they cannot be relied upon to defend Kiribati's independence and territorial integrity if their national interests do not coincide, and especially if they conflict with Kiribati's national interests.

Nonetheless, Kiribati leaders remain unconcerned about the possibility of threats of a military attack on the country's territory, and remain hopeful that it will never occur. There is a certain sanguinness by Kiribati leaders and officials that the international norms and the odium of an unprovoked attack on a defenceless country are sufficient deterrents to any attack, although recent history is punctuated with examples of small states being attacked by larger and more powerful states (e.g, Grenada, Seychelles etc.). And, while the military threats are considered a remote possibility, the real security concern is economic -- a broad concern which include the security of the country's resources from unauthorised and unscrupulous foreign

exploitation. President Tabai expressed the prominence of economic security in these terms:

*What we want at the end of the day is basically what more developed countries want for their people: a happier and healthier life that in the long term can be sustained from our own resources.*³¹

Kiribati is not alone in thinking this way; other Pacific island countries do also.³² At the Commonwealth Colloquium on Security in Small States, Pacific delegates pointed out that their security interests are economic, and the greatest threat to them could in the long run be from the activities of their friends (i.e Australia, New Zealand and the US).³³ Pacific island governments feel vulnerable, and think "their sense of sovereignty is infringed, whenever any of the other states in their region makes a sudden change in security or economic policies without consultation with them."³⁴ Pacific governments also feel that the security perceptions of their bigger neighbours could be used against their legitimate national interests. Kiribati had first hand experience with other states' use of their security perceptions against its legitimate national interests in 1985 when it negotiated a fishing agreement with the Soviet Union. Australia and New Zealand were very concerned and they put a lot of

³¹. Quoted in William Tow. 1988. "Geostrategy in the Asia-Pacific Region." In Steven L. Lady, ed. Contemporary International Issues. London: Lynne Rienner Publishers. P.186.

³². Tony Siaguru. 1989. "Small 's' Security for Small Island States." In David Hegarty and Peter Polomka, eds. vol. 1. The Security of Oceania in 1990's: Views from the Region. Canberra: Strategic and Defence Studies Centre.

³³. Quoted in Commonwealth Secretariat. 1985. Vulnerability: Small States in the Global Society, A report of a Commonwealth Consultative Group. London. p.30

³⁴. ibid.

pressure on Kiribati through official channels and non-governmental organisations. For example, a booklet, *The Great Russian Bear*, circulated by the Roman Catholic Church in Kiribati giving negative publicity to the fishing deal was written in Australia.³⁵ Both Australia and New Zealand felt that the agreement has serious security implications for the South Pacific region, and tried to prevent it from being concluded. What concerned both countries was their perception of regional security interests, which they emphasised over Kiribati's economic interests. It was in the context of this disregard by Australia and New Zealand for the interest of Kiribati that President Tabai observed that no one knows Kiribati's national interest better than Kiribati leaders and officials.³⁶

Kiribati immediate concerns in the military/security issue-area fall into three main categories: (a) the protection of its territorial integrity, (b) the protection of its natural resources from poachers and unauthorised foreign interests, and (c) environmental issues, which include global warming and rising sea levels and the nuclear issue. The first two categories cited above point to the need for a good system of national surveillance of the country's vast Exclusive Economic Zone..

a. Surveillance

Kiribati's vast Exclusive Economic Zone poses serious concerns for the

³⁵ U. Neemia. 1988. "Kiribati: Self-Determination and Russophobia." In William Sutherland and Ranginui Walker. The Pacific: Peace, Security and the Nuclear Age. Tokyo and London: The United Nations University and Zed Books Ltd.

³⁶ *ibid.*

protection of the country's huge area from foreign intrusion, particularly of the uninhabited Phoenix and Southern Line islands. There have been no recorded instances of the islands being visited by unauthorised 'tourists,' but this is only because there is very little contact with these islands. Except for ministerial inspection visits, the islands have no regular contact with Tarawa or Kiritimati Island, the nearest administrative centre.

Given the discovery of drugs on the beaches of uninhabited or sparsely populated islands in a number of Pacific islands countries (e.g in the Lau Group of Fiji), it is likely that these uninhabited islands are drop-off and pick-up points in drug trafficking in the South Pacific. The fact that they are uninhabited, far from population centres and mid-way between Australia and Hawaii make them particularly attractive to drug traffickers. Because of the cost of regular surveillance, these islands, and the problems likely to arise from their illegal use, have not been given the attention they deserve by the Kiribati government.

Kiribati's vast EEZ is moderately rich in living resources (such as tuna and other commercial species) and in non-living seabed resources, particularly manganese nodules which are widely scattered on the ocean floor at depths up to 6000 metres inside a 30 million km² triangle extending to the southeast of Hawaii and including parts of the Exclusive Economic Zones (EEZs) of Kiribati, the Marshall Islands, the Cook Islands, and other island states. A single nodule may contain more than 30 different metals, including cobalt, nickel, copper, and manganese, the first three of which are in great demand for producing steel "super-alloys". Unfortunately, even

where valuable deposits exist, they will not be mineable immediately and Kiribati does not possess the technical or financial resources to mine them, and will have to rely on large mining conglomerates from metropolitan countries.

The abundance of tuna in Kiribati waters has attracted a number of distant water fishing fleets. Since 1975 when fishing licensing began, the annual catch has averaged around 40,000 tonnes a year; the highest catch recorded was 70,000 tonnes³⁷ in 1983. What these figures do not show is the tonnage hauled in by poachers. Given the importance of living marine resources to Kiribati as a major resource, government has an interest in maximising the financial returns from it. Thus, effective surveillance is necessary to keep unauthorised fishermen away.

But, surveillance of Kiribati's vast EEZ require massive outlays for equipment and operation costs. Kiribati has not been able to effectively police its vast EEZ and has, for many years, relied on the regional surveillance flights provided by the Australian and New Zealand air forces. These flights have proved useful in reporting unlicensed vessels, but because of Kiribati's lack of proper surveillance vessel, most unlicensed vessels managed to escape before Kiribati authorities could arrest them. Some notable successes, however, have been made. In 1987, for instance, the US-owned purse-seiner, *Tradition*, was successfully impounded in an operation code-named Sunrise, which involved the Police Force, the National Airline, the national fishing company, *Te Mautari Ltd*, and the Shipping Corporation of Kiribati. The vessel was later bought back by its owners after paying a fine and re-purchase costs of

³⁷. Teekabu Tikai. 1992. "Fisheries Development." In Howard Van Trease, ed. *op.cit.* p.180

over A\$2 million to the Kiribati government. In 1990, another unlicensed vessel, a Korean long liner, *Samsong 602* was seized for fishing illegally in Kiribati waters. Its owners had to pay A\$2 million in fines and re-purchasing the vessel. A bunkering vessel, *Crane South*, was seized in 1991 for bunkering illegally in Kiribati waters. The owners refused to re-purchase at the price offered by the Kiribati government, and the government took possession of it. Renamed *Te Tauu* (a conch used traditionally as a container for coconut oil), it is now operating as a bunkering vessel in Kiribati and neighbouring waters.

The fines and re-purchase payments have boosted the country's income from fisheries, and have reduced the drawdowns from the Revenue Equalisation and Reserve Fund. The acquisition of the bunkering vessel has enabled Kiribati to enter the bunkering business and earn additional income from fisheries activities in its and neighbouring countries' EEZ.

Kiribati's surveillance capacity has been improved with its acquisition in April 1994 of a patrol boat provided under Australia's Pacific Patrol Boats Programme. The vessel gives the Kiribati Police Force the capacity to board and inspect fishing vessels in the high seas, and speedy access to unlicensed vessels in Kiribati waters. Kiribati's surveillance capacity improved further with its recent linking to the FFA's Maritime Surveillance Communication Network. With its signing of the Niue Treaty in May 1993, the possibility of joint surveillance with the Cook Islands in the Line Group is likely.

b. Environmental Issues

Because Kiribati is made up of low-lying atolls with fragile ecosystems, it is vulnerable to a wide range of environmental threats, both natural and man-made ones. Some of these threats and problems are domestic in origin (e.g. pollution), some have external origins beyond Kiribati's control. On its own, Kiribati cannot hope to reduce the adverse consequences of certain environmental issues, thus it is imperative that Kiribati seek the cooperation of other states, through bilateral arrangements and international treaties.

A major environmental problem confronting Kiribati today, and one which hangs as a spectre on the minds of I-Kiribati at all levels, is global warming. Global warming and associated sea level rise of 12 to 40 cm by the year 2030 and 30 to 100 cm by the end of the next century as predicted by the Intergovernmental Committee Negotiating a Framework Convention on Climatic Change (IPCC),³⁸ has caused serious concern that the islands may be rendered uninhabitable.

Although there have been rises and falls in sea level due to natural global warming and cooling in the past, the projected rise this time would be faster and due mainly to human activities, the main factor being the "accumulation of so-called greenhouse gases (carbon dioxide, nitrous oxide, methane, chlorofluorocarbons, and others) that alter the outgoing radiation and thus affect ocean volume and glacial

³⁸. Quoted in U. Neemia and R.R. Thaman. 1992. Kiribati: Report for the United Nations Conference on the Environment and Development. Apia: South Pacific Regional Environmental Programme. p.47

melting."³⁹ Although evidence from El Nino phenomena shows that the sea-level near Kiribati has risen from time to time as much as 40 cm higher than its current average level, there is doubt as to whether Kiribati could cope with a similar El Nino rise superimposed on higher average levels associated with global warming.⁴⁰ If such a scenario should eventuate, the implications for Kiribati are so serious that they could threaten its existence as a country.

Another environmental concern for Kiribati is the nuclear issue. Kiribati is not a newcomer to the nuclear tests issue, having had direct experience with nuclear tests since joint US and British tests of the 1950s in Christmas and Malden Islands, but there was little they could do as the islands were then firmly under British colonial rule. In the 1970s when French nuclear tests became a cause for concern among Pacific islanders, and when I-Kiribati were beginning to take control of political developments at home, several individuals, among them leading politicians and church leaders, formed a local chapter of the Nuclear Free Pacific Movement and began to add their voice to the growing chorus of Pacific protests.

Since independence, the Kiribati government has demonstrated its support for Pacific island states' concerns on nuclear testing and dumping by becoming a party to almost every regional, and selected key international, convention on the issues. Kiribati has gone a step further to take a major initiative outside the Pacific region. At the 1983 meeting of the London Dumping Convention, Kiribati and Nauru proposed a

³⁹. ibid

⁴⁰. ibid.

complete ban on the dumping of all nuclear wastes in the ocean. The proposal, which sought to reverse the prevailing practices of allowing certain categories of acceptable disposal, met strong objections from the nuclear nations. As a compromise, Spain proposed a moratorium on all kinds of ocean dumping of radioactive wastes pending the review of the Kiribati/Nauru proposals by an expert group.

Because of the small size, limited financial resources and limited political leverage of Kiribati, regional and international conventions and initiatives have shown to be a key approach to addressing both global and many national environmental issues. In this connection, Kiribati is a signatory and a party to the following environment-related conventions:

1. Convention for the Protection of the Natural Resources and Environment of the South Pacific Region (SPREP Convention).
2. South Pacific Nuclear Free Zone Treaty (Rarotonga Treaty).
3. Nuclear Non-Proliferation Treaty.
4. Convention for the Prohibition of Fishing with Long Driftnets in the South Pacific (Tarawa Declaration)
5. London Dumping Convention
6. International Maritime Organisation Convention
7. Maritime Pollution Convention (MARPOL)

In addition, Kiribati continues to devote considerable diplomatic effort to environmental matters and issues. During the drafting of the Convention for the Protection of the Natural Resources and Environment of the South Pacific Region

(SPREP Convention), for example, Kiribati unsuccessfully insisted on a more extensive coverage of the Convention area to include the Northern Pacific areas as well as the high seas between the country's component groups or archipelagos (EEZs). To underscore its objections to the limited coverage of the Convention, Kiribati withheld its signing of the Convention until 1994.

More recently, and with increased international attention to global warming and rising sea levels, Kiribati has been a regular participant in relevant environment forums including the Alliance of Small Island States, a United Nations-based lobby group drawing together island states from around the world which share common environmental concerns from global warming and rising sea levels, and the Intergovernmental Committee Negotiating a Framework Convention on Climate Change. It has also sought, or accepted, joint actions with other interested parties in the monitoring of sea level rise. As part of global efforts to monitor climatic change and rising sea levels, the Kiribati Meteorological Service is participating in the Tropical Oceanic Global Atmosphere (TOGA) programme, established by the World Meteorological Organisation and administered by the US National Oceanic and Atmospheric Administration (NOAA). The main emphasis of the programme is the study of the atmosphere and the oceans and the interface and interactions between them in the area 20 degrees north and south of the Equator. As part of the programme, a TOGA project was started on Kanton Island in 1985. Operated by I-Kiribati personnel with technical backup provided by TOGA, the project observes and monitors tides, temperature, rainfall and upper wind velocity. The University of

Hawaii also operates a tide gauge based at Betio Harbour. The 1989 South Pacific Forum in Tarawa agreed to establish a series of monitoring stations in the region.

4. ECONOMIC-DEVELOPMENTAL ISSUE-AREA

a. Trade

Kiribati has been following an open and free-trade policy. Imports, which have risen from about \$18.3 million in 1980 to about \$34.5 million in 1991 -- an annual growth rate of around 5 to 6 percent, contribute about 80 percent of GDP. The composition of imports are: food items (29 percent), machinery and transport equipment (25 percent), manufactured goods (12 percent), and mineral fuels (11 percent); the rest is made up of miscellaneous manufactured goods and commodities. The main sources of imports are: Australia, Japan, Fiji and New Zealand. A significant proportion of the imports, particularly capital goods, is aid funded.

In the eleven year period since independence, there have been some diversification with the dominant import sources of the 1980s namely Australia, New Zealand and EEC losing some ground. Japan, China and Fiji have improved their position in the same period.

Since the loss of phosphate revenues, merchandise exports have declined sharply, in one year, from \$21.8 million in 1979 to only \$2.4 million in 1980. There has been some increase since then, particularly in the case of fish exports, with aggregate exports (i.e commodity exports plus re-exports) which amounted to \$5.8 million in 1988, and dropped to \$2.4 million in 1991. Copra, fish, and from 1991,

eucheuma seaweed, are the only major commodity exports. Earnings from these export commodities have fluctuated widely within the eleven year period from 1980 to 1991 due to fluctuating world prices, and in the case of fish exports, the seasonality of tuna and mechanical problems with the national fishing company's fleet.

The trade deficit averages about \$20 million per annum. The large trade deficit, over the years has been covered by sizeable surpluses on the services account, mostly generated by remittances from merchant seamen, licensing fees from foreign fishing vessels, fish royalties and increasing interest and dividend income from government investments abroad. Significant external aid flows have also helped to reduce the trade deficit and convert the overall balance of payments into a surplus.

Due to limited opportunities for primary production and export diversification and instability of export earnings from copra and fish, interest from accumulated external financial assets -- the Revenue Equalisation and Reserve Fund, has contributed substantial stability to Kiribati's external financial position.

b. Development Assistance

Development assistance, or aid -- which comes in many forms such as cash grants, technical assistance, defence support and interest free or soft loans⁴¹ -- is very important to Kiribati, for it funds almost all development projects. As a post-colonial phenomenon, aid generally increases in the post-independence period when countries seek to dilute their dependence on their former colonial masters. The negotiation of

⁴¹. R.V. Cole. 1993. *op.cit.* p.84

aid and its management is an important part of the foreign relations of any low-income country, including Kiribati.

Table 8.2. Aid by Donor and Amount to Kiribati 1979-1989
Please see print copy for image.

(**Sources:** Kiribati Sixth National Development Plan 1987-91, p.44;
R.V.Cole. 1993. "External Economic Relations of Pacific Island States." In R.V. Cole and S. Tambunlertchai. The Future of Asia-Pacific Economies: The Pacific Islands at the Crossroads?. Canberra: National Centre for Development Studies, ANU. p.86; South Pacific Commission. 1993. South Pacific Economies: Statistical Summaries. Noumea. p.19.)

Table 8.2 shows aid to Kiribati by donors in the twelve year period after independence (1979 to 1990). The major bilateral aid donors are United Kingdom, Australia, Japan and New Zealand. Other bilateral donors, though not as important as the four mentioned above, are Canada, West Germany and China. As expected, because of its longer and closer relations with Kiribati, the former colonial power, Britain, accounted for a large proportion of aid to Kiribati -- more than 50 percent in

1979, the year of independence. But as the pool of donors diversified, United Kingdom's level of aid declined in absolute and relative terms. In 1985, UK aid accounted for around 30 percent of total aid to Kiribati, and in 1989 it went down to 12 percent. The bulk of British aid is technical assistance which funds British personnel in Kiribati. In 1993, technical assistance accounted for approximately 92 percent of Britain's A\$2.06 million aid to Kiribati.⁴²

Australian aid was constant at A\$2.4 million per annum since 1979 until 1986 when it increased slightly. In 1993, Australian aid to Kiribati amounted to \$6.4 million. Aid from Japan grew from \$300,000 (just over 3 percent) to \$6.5 million in 1987, but declined to \$5.3 million. In 1987 and again in 1990, Japan was the biggest contributor accounting for 31 percent of total aid to Kiribati in 1987 and 41 percent in 1990. New Zealand aid has substantially increased from a mere \$200,000 in 1979 to \$1.7million in 1989. In 1994, New Zealand aid amounted to NZ\$3.1 million (or approximately A\$2.8).

This time-series breakdown of aid by donors to Kiribati shows an upward general trend from most donors except UK, but does not present a complete picture of aid to Kiribati. The table does not show the active part played by the Kiribati Government, which affects the pattern of its aid receipts. Aid recipients are not just passive by-standers waiting eagerly for the donors to hand out their share of the aid cake. Recipients have an input, although this is often ignored, due largely to the commonly held assumption that being on the receiving end they are often at the mercy

⁴². Overseas Development Administration. 1994. British Overseas Aid: Statistical Appendix 1994. London. p.6.

of the giver. The reality of aid relationships is in fact more complex.

In so far as Kiribati's approach to aid is concerned, the Tabai Government's wider policy of promoting self-reliance has a part to play. Tabai (1986) argued that the desire for self-reliance is not new to I-Kiribati; "it is an age-old tradition, *te kan riki n toronibwai*, which aspires to independence and the ability to meet one's basic needs without having to depend on someone else."⁴³ While it may seem a lofty objective, self-reliance should be seen as an important component of the national image of Kiribati as perceived by its officials. It is mental attitude that guide their actions.

For Kiribati leaders, the promotion of self-reliance means that, first and foremost, the country needs to meet its own recurrent costs, instead of depending on others for this 'basic need.' Roniti Teiwaki, for example, likens dependence on others for one's basic need, or in the context of national governments, for the recurrent costs of government, as a form of 'parasitism'⁴⁴. As Teiwaki goes on to argue, "Kiribati('s) financial parasitism on the British Treasury was regarded (by I-Kiribati leaders) as a source of kamama (shame) and therefore unbecoming of the Kiribati ethic."⁴⁵ The promotion of self-reliance does not rule out Kiribati's continuing acceptance of aid, but advocates the need to be selective in accepting it and the "moral courage and the ability to say NO...to the forces [and interests] that are detrimental to Kiribati's long-

⁴³. The Courier. No.114. (March-April). 1989. p.38

⁴⁴. R. Teiwaki. 1987. "Access Agreements in the South Pacific: Kiribati and the Distant Water Fishing Nations." Marine Policy. (October). p.281

⁴⁵. ibid.

term interests."⁴⁶ The 'forces' the President had in mind include the strings and conditions that donors dictate to the recipients.

To be selective with the kinds and conditions of aid one receives is difficult, but President Tabai believed it is possible. He points out that Kiribati has been selective, and has rejected aid it considered inappropriate:

[W]e refused food aid provided free to our people [in order] to avoid their getting into the habit of dependence; we rejected a Japanese offer to construct our fisheries jetty many years back because we believe it was a wrong design; and recently we told our Australian friends that their patrol boat could be too expensive for us to maintain.⁴⁷

The fisheries jetty mentioned above was later funded and built by the British. The fact that Kiribati accepted the patrol boat it rejected earlier does not mean a shift from its policy of being selective. It was because of a change in the conditions of the aid which made it acceptable.

The declining British aid was equally the result of British policy as of Kiribati's initiative. Since independence, a major component of British aid to Kiribati was its budgetary grant which amounted to \$4 million or 25 percent of the government budget in 1984. Kiribati government policy was to get rid of it because it felt that it was not proper for an independent country "to report and justify to someone else our

⁴⁶. *The Courier*, *op. cit.* p.42

⁴⁷. Ieremia Tabai. 1987. *op cit.* p.45. The patrol boat was later accepted, but that was only after Australia had agreed to meet part of the operation cost, a deal that started with the Cook Islands.

policies as reflected in our budget."⁴⁸ Thus, British budgetary support was terminated at the end of 1985, a year in advance of the original termination date, at the request of Kiribati. The termination was a bold step, but necessary given the conditions the British put on their budgetary grant.⁴⁹ The gap left by British support grant in 1986 was filled with income from Soviet fishing license.

Kiribati's fishing agreement with the Soviet Union attracted a lot of publicity and quickly became a matter of concern among Kiribati's friends and aid donors, because its perceived implications for South Pacific regional security, at least as far as Australia and New Zealand were concerned. The deal made an impact on some donors, especially Japan and New Zealand. An examination of Table 8.2 will reveal that aid from both countries increased drastically in 1987. New Zealand aid doubled from \$0.9million in 1985 and 1986 to \$1.8million in 1987. Japanese aid more than doubled in the two year period, 1985 to 1987. Given that aid allocations in any one year are often negotiated a year or so in advance, which means that aid expenditures for 1987 were determined in 1986, then it is not unreasonable to assert that the Kiribati/Soviet fisheries agreement did have an impact on aid allocated to Kiribati by Japan and New Zealand. It is interesting that Japanese aid between 1985 and 1987 was boosted by its commitment to the Betio/Bairiki causeway, the same project

⁴⁸. Ieremia Tabai, op.cit. pp.42-43

⁴⁹. Teuea Toatu. 1992. "The Revenue Equalisation and Reserve Fund." In H. Van Trease, op.cit. p.184. Toatu points out that as part of the Independence Financial Settlement, the British stipulated that any growth in the interest of the RERF beyond A\$5million per annum would mean a reduction of the budgetary grant by 50 percent of that excess. Another unpalatable condition, as Tabai op.cit. pointed out is the requirement for Kiribati to justify its budget to the British.

Japanese aid officials rejected when presented to its first aid mission in 1979.⁵⁰

The fisheries agreement with the Soviet Union also impacted, though not as obviously as in the case of Japan and New Zealand, on donors categorised as 'others.' The US, for example, offered to provide assistance to Kiribati's tuna industry. Kiribati's fishing deal with the Soviet Union was also a major factor in US government's decision to conclude a multilateral fisheries treaty with South Pacific island states. Another donor, China, whose aid to Kiribati had hitherto been in the form of rural development implements such as lanterns, bicycles and gardening tools, offered Kiribati interest free loans for a new Parliament building, but the Kiribati government opted instead to use the loan to upgrade Bonriki International Airport.

Kiribati also draws development assistance from multilateral sources, the major ones being the European Union and specialised UN agencies. Kiribati joined the IMF and the World Bank in 1986, but is yet to draw loans from the World Bank. The level of multilateral assistance from UN specialised agencies to Kiribati is likely to increase in the light of the recent classification of the country as a 'Least Developed Country.' Multilateral aid is viewed positively by Kiribati leaders because such aid "tend to be less tied and to have less strings attached."⁵¹

Selwyn (1975) has pointed out that the aid recipient can manoeuvre itself out of

⁵⁰. As Assistant Secretary (Development) in the Kiribati Government, the author was, in June 1979, part of the Kiribati delegation which discussed aid with the first group of Japanese officials ever to visit to Kiribati on aid matters. One of the projects presented to the Japanese delegation was the Betio/Bairiki causeway, which was politely turned down because, as the delegation leader stressed, their priority was fisheries.

⁵¹. Tabai, *op.cit.* p.45

the predicament of aid dependency by having its own clear priorities and by its strong will to reject projects and standards imposed by others⁵². Kiribati has attempted to make its relationship with its aid donors more meaningful to its declared goals and priorities by educating its donors on what it needs and where they might come in. The dialogue between Kiribati and its development partners was done at a round-table Development Co-ordinating Meeting of Donors in Tarawa in 1985, in which Kiribati presented its list of projects to donors. A meeting such as this, where different donors are present in the same room, has an added advantage to the recipient of being able to play off one donor against the other. The advantage to the recipient lies in its ability to exploit the competitiveness of the donors and their desire not to lose face in the presence of other donors. The meeting did not only afford Kiribati the opportunity to understand the perceptions of its benefactors, but also helped it to tighten and fine-tuned its development planning process.⁵³ This is an important approach which has attracted a lot of praise from multilateral organisations like UNDP, and which has since been emulated by other island microstates, e.g. Tuvalu in 1990.

c. Investments

Except for its government-owned companies in shipping, air transport, fisheries and tourism, Kiribati has very little to offer to attract foreign investors. In 1992/93,

⁵² P. Selwyn. 1975. "Introduction." In P. Selwyn, ed. Development Policy in Small Countries, London: Croom Helm.

⁵³ A round-table consultation with aid donors could also provide the opportunity for aid donors to 'gang up' on the recipient. This has not been the case in so far as the Kiribati experience is concerned.

Government embarked on a privatisation policy which saw government-owned companies -- e.g Kiribati Supply Ltd., Otintai Hotel, Captain Cook Hotel etc. -- being offered for sale. Several overseas businessmen expressed interests and made bids, but the deals fell through, partly because of the public outcry against the policy,⁵⁴ and partly because, either the conditions offered by the government were not attractive enough to the potential investors or the offers by interested investors were not satisfactory. The present government, as indicated earlier, has declared a moratorium on privatisation pending a review of the wider implications of the policy.

The only major foreign investors in Kiribati are two Australian corporations which dominate two of the key sectors of the economy, namely finance and telecommunications.

Westpac Banking Corporation owns 51 percent of the Bank of Kiribati, while the Government of Kiribati holds the remaining 49 percent. The Bank of Kiribati was incorporated in August 1984 and began commercial operations in October of that year as the sole commercial bank in Kiribati.⁵⁵ Under the Management Agreement, Westpac Banking Corporation provides management, advisory and other services to the Bank of Kiribati.⁵⁶

In the absence of a central bank or central monetary authority, the Bank of

⁵⁴. Roniti Teiwaki. 1988. op.cit. p.33. He argued, and quite rightly, that privatisation --that is, if former Government-owned companies become owned and operated by individuals, and particularly I-Kiribati -- will be blocked because of the Kiribati emphasis on egalitarian principles,

⁵⁵. Ministry of Finance and Economic Planning. 1986. op.cit. p.204

⁵⁶. ibid.

Kiribati is given the responsibility of managing foreign exchange dealings. Because Kiribati has no currency of its own, and uses Australian currency (A\$) as its official currency, the scope for government control over the domestic economy through monetary policy is severely limited. Nevertheless, the Bank of Kiribati offers the Government of Kiribati the means of effecting some control through monetary policies, which the Bank is committed to observe.⁵⁷ The effectiveness of such control depends on the close relationship and control over the Bank of Kiribati by the government and other factors which include, openness of the economy, exchange rate and so on.

A new joint-venture agreement came into force in February 1990, which renewed for a further five years the bank's operations in Kiribati. Under the new agreement, several modifications favourable to Kiribati were made. These included a provision which eliminated Westpac's monopoly in Kiribati should there be another bank interested in setting up operations in Kiribati, a reduction of the proportion of profits to general reserve from 50 to 40 percent, and a provision which make Westpac's dividend taxable.⁵⁸

The Bank is a major contributor of tax revenue; its tax payments made up three-quarters of company tax in 1986.⁵⁹ This share has declined in recent years with other companies, particularly Telecom Services Kiribati Ltd., coming into the picture.

From 1 November 1990, the government-owned telecommunication

⁵⁷. *ibid.* p.207

⁵⁸. Teatao Teannaki, (Minister of Finance). 1991. Budget Speech. unpublished speech text, (12 December 1991), p.8.

⁵⁹. *ibid.*

corporation, Telecom Kiribati Ltd., was privatised. The new company, Telecom Services Kiribati Ltd (TSKL) is a joint venture between the Kiribati government, owning 51 percent shares, and Overseas Commercial Telephone International of Australia with 49 percent. TSKL was given exclusive rights to operate all telecommunication services in Kiribati for 15 years. Since the establishment of the new company, there have been qualitative and quantitative improvements in telecommunication services. Local telephone sets increased over 10 percent, and facsimile users by around 50 percent, in the first year of the company's operation.⁶⁰

Kiribati not only receives foreign investors, albeit few, but it is an overseas investor itself. It therefore has an obvious interests in developments in the global economy. Kiribati's overseas investments are mainly in the form of funds invested overseas as the Revenue Equalisation and Reserve Fund (RERF).

Established in 1956, the RERF was managed by Crown Agents in the United Kingdom until 1976 when its management was transferred to a reputable British firm of stockbrokers, James Capel & Co. Although the stockbrokers may exercise discretion in the day-to-day management of the Fund, they are required under the Public Finance Ordinance to comply with the guidelines set by the RERF Committee, a committee chaired by the Minister of Finance and Economic Planning.⁶¹

The Fund is "an internationally diversified portfolio,"⁶² invested in a

⁶⁰. Ministry of Finance and Economic Planning. 1992. op.cit. p.157

⁶¹. T. Toatu, op.cit. p.184

⁶². ibid. p.185

combination of different shares, bonds and foreign currencies. The Fund has grown in value from A\$69.3million in 1979 to A\$324 in 1994. This significant increase in the has been realised through appropriate switches between different currency holdings and bonds and equities and also by restricting withdrawals from the Fund for recurrent budgetary purposes to a maximum of about 4 per cent of the Fund value.

Because the Australian dollar is the reference currency, the value of the fund is very sensitive to the fortunes of the Australian dollar *vis-a-vis* other currencies in which it is invested. It is also sensitive to the vagaries of the global economy. For instance, in his 1992 Budget address the Minister of Finance pointed out that the aggregate Fund value has only increased marginally in 1991:

*the invasion of Kuwait by Iraq in August and the continuing Gulf crisis, oil prices have doubled. There were prospects of high inflation rates all over the world. The world economy is [sliding] downwards. The existing bond and share prices had, therefore, considerably declined resulting in a significant fall in the market values of Fund investments in bonds and equities.*⁶³

Since 1980, part of the income from the annual interest of the RERF has been drawn to balance the government's recurrent budget. The Fund has thus helped Kiribati pay for the recurrent costs of government activities without the need for budgetary assistance from other countries. Such ability to pay its current costs is a matter in which I-Kiribati leaders take much pride. It is, as pointed out above, the starting point of self-reliance. The income from the RERF has also contributed to

⁶³. Teatao Teannaki, *op.cit.* p.5

offsetting Kiribati's large visible trade deficit. The Fund has emerged as a major pool of savings and income, which provides an important source of security for the country's future.

d. Other Economic Issue-Areas

Apart from trade, aid and investments, other major components of Kiribati's external economic relations are: fisheries licensing, tourism, shipping and overseas employment.

Because Kiribati is made up of islands scattered over a vast area of sea, fisheries is of vital importance. Given the scarcity of terrestrial resources in an atoll environment, it is imperative that Kiribati should focus on the marine resources of its vast EEZ. The government of Kiribati has a two-pronged policy in relation to commercial fisheries: (i) to develop the national capacity for the exploitation of its marine resources, in particular tuna, for export to overseas markets, and (ii) to lease out fishing rights to distant water fishing nations.

An important element in building the national capacity for the exploitation of its tuna resources was the establishment of a national fishing company, *Te Mautari Ltd.* in 1981 to carry out pole-and-line fishing. The company operates four pole-and-line vessels (provided under Japanese and European Union aid programmes), a fish market on South Tarawa, a 300 tonnes cold storage facility and a mothership of 380 tonnes capacity. The company has not been successful, and was partially closed -- i.e. its ships were under repairs and staff were laid off -- in 1990. Tikai (1992) attributed

the failure of the company to poor catches due to the inappropriateness of the equipment, the seasonality of tuna and the lack of a reliable supply of baitfish.⁶⁴ The company is currently maintaining a skeleton operation of three boats and the mothership. The latter keeps the company going by bringing in money from its charterage by foreign fishing companies.

In addition to the development of *Te Mautari Ltd*, the government also plans to develop Kiribati's capacity to exploit its tuna resources by seeking joint venture arrangements with foreign partners. The first joint venture arrangement came into being in early 1994 when Kiribati officials (with the assistance of Kiribati's Honorary Consul-General in Tokyo, Mr Tokokuro Kurubayashi) successfully negotiated a commercial partnership with a Japanese company, Otoshiro Gyogyo Co., in the operation of a purse seiner to fish in Kiribati and other Pacific island waters. Under the joint-venture agreement, the company will operate out of Japan but it is registered in Kiribati; 49 percent of the shares are owned by Kiribati while Otoshiro Gyogyo hold 51 percent; and the Board of Directors comprises Otoshiro representatives together with Kiribati's Minister of Natural Resources Development and the Attorney-General. The company currently employs 10 I-Kiribati and 13 Japanese on its purse seiner.⁶⁵

It is likely that further joint venture arrangements will eventuate following the conclusion in September 1993 of an agreement between Kiribati and Japan which

⁶⁴. Tekabu Tikai. 1992. "Fisheries Development." In H. Van Trease, *op.cit.* p.176

⁶⁵. Tekabu Tikai. personal communication, 3 October 1994.

covered joint venture arrangements. When fully implemented, the joint venture agreement will not only increase Kiribati's earning from its only abundant resource, but will also engage Kiribati -- through its joint-venture -- in licensing agreements with its neighbours under the newly concluded Federated States of Micronesia (FSM) Arrangement for Regional Fisheries Access and other similar arrangements. The FSM Arrangement is the agreement between FSM, Kiribati, Nauru, Palau and Papua New Guinea, which establishes a licensing regime under which domestic purse seiners (from countries which are parties to the arrangement) may gain access to the major fishing grounds in the Western Pacific on terms and conditions no less favourable than those for foreign fishing vessels under bilateral or multilateral access arrangement.⁶⁶ The joint ventures will also improve the skills of I-Kiribati seamen and fishermen.

In relation to the second prong of Kiribati's commercial fisheries policy, government has been leasing fishing rights to fishing fleets from Japan (since 1975), South Korea (since 1975), the US (since 1983) and the Soviet Union (for one year 1985/86). The revenue from licensing has been an important component of the national budget, contributing 17 percent of the recurrent revenue in 1985, 20 percent in 1986 and rising to over 25 percent in 1991.⁶⁷ The revenue from fisheries licensing is an important contributor to government's policy of self-reliance as it is earned and not aid, and since 1985, it has helped Kiribati pay for its recurrent budget without the

⁶⁶. Pacific Report. (Sept.1995). vol. 8 No.16. p.4

⁶⁷. Ministry of Finance. 1988. op.cit. p.63; Ministry of Finance and Economic Planning. 1991. 1991 Estimates of Revenue and Expenditure. Tarawa: Government Printer.

British budgetary support.⁶⁸

Apart from the economic benefits, in terms of income from licence fees, and fish exports that fisheries bring Kiribati, the importance of fisheries to Kiribati must also be seen in its contribution to building I-Kiribati confidence in dealing with foreigners. Years of experience in dealing with foreigners in fisheries negotiations have given Kiribati a wealth of experience and confidence that has ramifications in other areas of foreign relations. The experience and confidence from years of dealing with fisheries licensing was a crucial factor in the success of Kiribati's decision to agree to Soviet fisheries overtures in 1985, despite the concerns of its so-called traditional friends. The same experience and confidence enabled the government of Kiribati to withstand the pressures and negative propaganda from people and governments opposing the deal with Soviet Union, and pursue what it perceived to be its national interest till the agreement lapsed.

The Kiribati fisheries agreement with the Soviet Union was an important landmark in Kiribati's international negotiation experience, for it marked the onset of Kiribati's assertiveness in its negotiations with distant water fishing nations. Since 1985, Kiribati has successfully demanded concessions from countries it deals with in fisheries licensing. For example, in its negotiations with the Japanese and Koreans, Kiribati negotiators have demanded not only higher fees each time it negotiates a new agreement, but also the employment of its people on foreign vessels, purse seine joint

⁶⁸. Tabai. 1987. op.cit. p.46

ventures and observer programmes.⁶⁹ The employment of I-Kiribati on Japanese and Korean vessels was granted, but only after the Kiribati Minister leading the Kiribati delegation threatened to call off the negotiations and expel Japanese vessels from Kiribati waters.⁷⁰ Kiribati nationals are trained by Japanese interests for employment on Japanese fishing boats. Over 200 I-Kiribati seamen are now employed by two Japanese fisheries consortia, the Federation of Japan Tuna Fisheries Association and the National Offshore Tuna Fisheries Association of Japan, and a lesser number on Korean fishing vessels. In September 1993, at the Japan-Kiribati fisheries negotiations in Suva, Fiji, Japan agreed to increase the per-vessel, per trip access fees to 5 percent. Barerei Onorio, a regional adviser with the Japanese Fisheries Programme in Suva points out that Kiribati-Japan Fisheries Agreement is often regarded by Japanese officials as a trendsetter⁷¹.

Over all, the terms and conditions of the agreements with each distant water fishing nation have improved every year, from Kiribati's point of view. These improvements are, to a large extent, the result of the innovativeness of the Kiribati negotiators, the result of years of experience in the game. Since 1994, Forum Fisheries Agency officials have been excluded from Kiribati's negotiation team, because as the Secretary for Natural Resources Development points out, "FFA officials often try to

⁶⁹. Forum Fisheries Agency News Digest. November-December 1993. 1993 (No.6), p.1

⁷⁰. Tabokai Kiritome, (Deputy Secretary for Commerce, Industry and Labour). personal communication. 3 March 1994. Kiritome was a member of the Kiribati delegation to the negotiation with the Japanese in Honolulu, Hawaii in 1991.

⁷¹. Barerei Onorio, personal communication. 12 April 1994

influence Kiribati to take positions which are clearly not in Kiribati's best interests. An example of such position is the multilateral fisheries treaty with Japan which FFA is pushing."⁷² Kiribati does not support the idea of a multilateral treaty with Japan, and Kiribati officials at the 1994 negotiations in Suva assured their Japanese counterparts that Kiribati would not support the idea when it comes up at the Forum or at FFA.⁷³ The only fisheries access agreement that has not returned increased revenue is the arrangement with the US, but that is a different case because it is a multilateral agreement.

Another often emphasised important component of the external economic relations of island microstates, as can be seen from the previous case-study on Cook Islands, is tourism. In Kiribati the industry is still in its formative stages, partly because of government's cautious approach to it, and partly because of the lack of infrastructure. The tourism industry is as yet to make a sizeable contribution to the economy of Kiribati.

Because of its locational disadvantage, its great distances from its trading partners, shipping is an important issue for Kiribati. Traditionally, the country has been served by overseas commercial shipping lines. The service these commercial lines provided was irregular because of the low volume of cargo to justify regular trips to and from Kiribati. Because of the disadvantages of Kiribati's dependence on overseas commercial lines whose operation is inevitably based on profit more than

⁷². Teekabu Tikai, personal communication. 22 January 1995.

⁷³. Teekabu Tikai, personal communication. 22 January 1995.

service, the Kiribati government enthusiastically supported the concept of a regional shipping line when it was first mooted. When the Pacific Forum Line was established in 1977, Kiribati was one its enthusiastic supporters. Unlike other countries which saw the regional shipping line as a means of stabilising fluctuating freight rates in region, Kiribati saw it as the means to a more regular sea link.

Since 1983, the Pacific Forum Line has been operating a feeder service linking Suva to Funafuti (Tuvalu) and Tarawa, subsidised by Australia and New Zealand, and using the Kiribati vessel, *Moana Raoi*. The Kiribati ship was withdrawn from the service in 1990 because of its age, but the service continued using a New Zealand-registered ship, *Forum Micronesia*, until it ceased in 1991 because Australia and New Zealand cannot provide the subsidy required.

The gap was filled by Kiribati in 1993. Through the government-owned Kiribati Shipping Services Ltd, Kiribati has been operating a regular shipping service linking Suva, Tarawa and Funafuti. The service has been expanded using a bigger ship chartered from a Danish shipping line to include Nauru, Marshall Islands, Port Vila, Noumea and Auckland. With the agreement reached between Kiribati and Chief Container Services, an Australian shipping company servicing Kiribati, Tuvalu and Nauru, Kiribati's main port at Betio has become a transshipment point for Tuvalu, and to a lesser extent, Nauru cargo from Australia.

The service has not only improved Kiribati shipping links with its trading partners, and its likely to generate more trade between Kiribati and its major suppliers and export markets such as New Zealand and Fiji, but also provides additional income

to the country. Rekenibai Tawita, Financial Controller with the Kiribati Shipping Services Ltd estimated that the service generates a net revenue to the company averaging at A\$30,000 per 5-week round trip,⁷⁴ a situation which is not as bad as PFL claimed it to be. Kiribati's success with its new shipping service has made it think twice about the efficiency of the Pacific Forum Line in servicing the needs of the smaller island states of the region.

Another important element in Kiribati's external economic relations is overseas employment, particularly of its seamen, which is an important means of securing a flow of foreign exchange to the country through remittances. In any one year, around 1,000 are employed overseas, almost exclusively by the South Pacific Marine Services, a consortium of German shipping interests. The remittances from this overseas employment is estimated to be around \$2.3million in 1985.⁷⁵ This official figure is based on the allotments of wages received by the Bank of Kiribati; it does not take into consideration amounts which are sent through other transfers to relatives and families in Kiribati through returning seamen. As indicated earlier, more than 200 I-Kiribati seamen are employed on Japanese and Korean fishing vessels.

The Marine Training Centre, which carries out training has to comply with the standard set down by the German Ministry of Transport and the German Board of Trade. This is essential if the graduates of the centre are to be accepted for

⁷⁴. Rekenibai Tawita. personal communication. 30 July 1994.

⁷⁵. Ministry of Finance and Economic Planning. 1986. op.cit. p.271

employment on German flag ships.⁷⁶ Kiribati's interest in maintaining this employment market for its seamen is reflected in the appointment of an honorary consul in Hamburg.

In addition to overseas seamen employed by German, Japanese and South Korean shipping and fishing companies, the other overseas employment market is Nauru, which has approximately 300 in the phosphate industry.

5. CULTURAL ISSUE-AREA

Apart from the informal links that the Kiribati government has with I-Kiribati communities in other countries, direct or as part the wider South Pacific participation (e.g in the World Exposition in Seville, Spain in 1992) and sports, there has been very little activity in this area. The Kiribati government appears to regard cultural diplomacy as a non-priority area, as reflected in its lack of financial support to, sporting bodies to participate in the South Pacific Games and other international sport meets, and to cultural groups to participate in the Festival of Pacific Arts. Rather than blaming the lack of support in this area on indifference on the part of the government, the main issue is resources. With limited financial resources, areas which will not return direct economic benefits are often not considered a priority. Kiribati cannot afford to spend money on cultural diplomacy, the benefits from which cannot be measured in hard and tangible economic terms.

⁷⁶. *ibid.*

7. CONCLUSION

As in the case of Cook Islands, foreign policy behaviour is an important part of the Kiribati government's response to the conditions imposed by the small size of the country, which affects the capacity of government to meet its twin objectives of providing for, and maintaining, recurrent activities and services, as well as pursuing development objectives and goals. The lack of financial, human and other resources necessary for government's recurrent and development activities, therefore, contributes largely to its perceptions and definitions of its national interests in its external environment. For example, because of the lack of finance and other resources for recurrent and development activities, officials generally gave economic issues priority over other areas such as military-security issues. Thus, as predicted by East's model of small state foreign policy behaviour, it is in the economic-development issue-area where one would see more activities by small states, like Kiribati.

In addition to the condition of smallness, the legacy that the new state of Kiribati inherited from its colonial predecessor on independence is also responsible for priority considerations accorded to economic-development issue-areas in Kiribati's foreign policy behaviour. As pointed out above, Kiribati inherited an economic situation where the only economic asset (phosphate) had outlived its profitability and one in which there was little effort by the departing colonial power at developing a viable alternative based, for example, on marine resource.⁷⁷ Thus, the new state was faced with the task of promoting economic development as the major priority. Tabai,

⁷⁷. For a detailed discussion of marine resources development efforts under British rule, see Roniti Teiwaki. 1988. Management of Marine Resources in Kiribati. Suva: Institute of Pacific Studies.

the country's first President, defined economic development as "primarily concerned with enhancing our capacity to depend on ourselves for our basic needs and live a happy and respectable life."⁷⁸ Economic issues, therefore -- in the form of aid, trade, investments, fisheries, overseas employment, and shipping -- became the major concerns of Kiribati's foreign policy behaviour. In most cases, economic considerations provide the yardstick with which relations are assessed for their usefulness to Kiribati. Thus, it can be argued that one of the main reasons why there have been few activities in the culture issue-area is because it is difficult to justify them economically and also because tangible economic benefits from such activities are often marginal.

Because of the limited financial, human and other resources at the disposal of the Kiribati government for the pursuit of its interests in its external environment, its foreign policy behaviours are clearly limited, both in terms of the issues on which an active interest can be taken, and in the number of countries with which diplomatic relations are maintained. The limited scope of Kiribati's foreign policy behaviour is also implicit in the lack of overseas diplomatic mission, its mode of overseas representation and in the range of international organisations in which Kiribati sought membership of.

But, as pointed out above, what is important is not so much the scope of relations as the benefits Kiribati derives from them. Would an increase in the number of countries with which Kiribati has diplomatic relations result in more tangible

⁷⁸. Ieremia Tabai, op.cit. p.42

economic benefits? Or, would membership in more international organisations bring more benefits or costs to Kiribati? The issue, therefore, is not so much quantity and scope of foreign policy behaviour as the benefits from existing relations and issue-areas. In looking, for example, at the thirty-three countries with which Kiribati has diplomatic relations, one could argue that it already has relations with most of the world's major aid donors (which have different aid policies and priorities), so the issue is not to open more relations, but how do Kiribati find ways of benefitting more from existing relations. Thus, Kiribati has attempted to focus on, and maximise benefits from, bilateral relations that matter most to its national interests. In the area of aid and development assistance, Kiribati has attempted to coordinate inputs of its aid donors through regular round-table dialogues with donors which began in 1985. These aid coordination meetings provide Kiribati the opportunity to understand the perceptions of its benefactors, and helps its officials tighten up and fine-tune the country's development process.

The only form of representation Kiribati can afford is honorary consuls and honorary consuls-general. Although, these are often seen as token representation, at least as far as the larger countries are concerned, they play an important part in the promotion of Kiribati's interests in the host countries.

Kiribati has had some significant achievements in a number of areas such as aid negotiations and fisheries negotiations. Although, there is room for improvement in a number of areas. For example, Kiribati has to do more to extract more benefits from its vast EEZ, in particular in pushing for more joint ventures as well as on-shore

processing capability.

In multilateral diplomacy, the Kiribati government has been selective about joining international organisations, largely on cost-benefit considerations. The focus is on South Pacific regional organisations and selected international organisations, particularly UN specialised agencies. Because of historical links which the Kiribati government values and also due to anticipated benefits in the form of technical cooperation, Kiribati chose on independence to be a member of the Commonwealth. By contrast, smaller island microstates (e.g Tuvalu and Nauru) opted for associate membership.

The conditions of smallness orientate the country outward, and make it dependent on external actors and forces. Indeed, it cannot be denied that Kiribati is dependent on other countries for export markets (e.g European Union), sources of import (e.g Australia, Japan, Fiji and New Zealand), or for development assistance, especially aid (e.g Australia, Japan, European Union, United Kingdom, New Zealand etc). But, the pertinent issue in so far as the interest of the present study is concerned is whether Kiribati's dependence breeds political compliance on those states on which it depends.

Despite the evidence of dependence in a number of areas as presented in this case study, it is clear that Kiribati has not been forced to defer excessively to the perceptions and interests of the states on which it relies. One example is Kiribati's 1985/86 fishing agreement with the Soviet Union which showed its determination to benefit from its EEZ, despite the concerns of countries on which it depends, which

could have threatened to withdraw their assistance. In fact, the agreement had the consequence, as pointed out earlier, of increased aid allocations from a number of donors to Kiribati. Thus, while Kiribati is dependent economically on a number of dominant states, there is no evidence to suggest that it complies with, or directly influenced by, the wishes of the countries on it depends. Being dependent on several countries gives Kiribati some room for manoeuvre and preventing excessive influence from any one country.

An aspect of small state foreign policy behaviour which both Cook Islands and Kiribati share, although Cook Islands has recently departed from it, is the fact that the responsibility for foreign affairs is held by the head of government. Reid has observed that this characteristic of microstates foreign policy behaviour.⁷⁹ Although costs-saving is a relevant issue, a more plausible explanation is the importance of foreign affairs issues in so far as the head of government is concerned. After all, it was the head of government who allocated cabinet responsibilities. In both case studies, the two leaders considered it important that they control foreign affairs matters. As a consequence, therefore, it is likely that the country's foreign policy behaviours reflect the priorities and idiosyncracies of the leader. Kiribati's foreign policy behaviour in the first 12 years since independence was very much influenced by President Tabai's perception and practice of I-Kiribati traditional values. The ideals of *te kan riki n toronibwai* (self-reliance) and *inaomata* (independence) and simplicity which provided the basis of, and characterises Tabai's policies are traditional I-Kiribati

⁷⁹. Reid, *op.cit.* p.46

values, which Tabai himself not just preached, but practiced. In varying degrees, these ideals are reflected in the President's statements and in the justification of certain foreign policy behaviours (e.g the fisheries agreement with the Soviet Union, the motivation for which was the desire to make Kiribati meet its own recurrent budget without having to rely on British budgetary aid; Government's cautious approach to foreign debts etc.).

The fact that the head of government is also responsible for foreign affairs is important from the point of view of coordination. In the case of Kiribati, with other key components of foreign policy behaviour (e.g finance, development planning, trade, communication etc.) being placed in other ministries and under different ministers, the need for coordination is essential. As head of cabinet, which approves all government policies, the President is able to direct and coordinate the activities of other ministries, especially in dealing with external actors.

Another key factor in Kiribati's foreign policy behaviour is its characteristic as an 'island state', or as comprised of islands. In short, its islandness. The characteristic 'islandness' as pointed out in Chapter One has two basic aspects, which have important implications for foreign policy behaviour: (i). the attribute of being surrounded by sea, and (ii). distance from bigger landmasses. Both aspects of islandness have, in the case of Kiribati, been the bases of a number of foreign policy behaviour initiatives and activities on bilateral and regional levels, e.g fisheries access agreements with distant water fishing nations, joint venture, involvement with other 'island states' in environmental matters through Association of Small Island States, and shipping.

Not only is islandness providing the basis for Kiribati's increased foreign involvement, but it is also redefining the size factor and the development prospects of Kiribati. The attribute islandness, and in particular, the island microstates' control over a vast expanse of ocean with some potential for living and non-living resources, has altered the way island microstates are perceived by other states, as well as giving them jurisdictional powers which greatly empower them in their dealings with other states.

CHAPTER NINE

SMALL SIZE, ECONOMIC DEPENDENCE, ISLANDNESS AND FOREIGN POLICY BEHAVIOUR: A COMPARATIVE ANALYSIS OF THE COOK ISLANDS AND KIRIBATI CASE-STUDIES.

This chapter analyses the Cook Islands and Kiribati case studies on a comparative basis. The analysis takes as its point of departure the conditions of small size and economic dependence and how these conditions relate to the foreign policy behaviours of the two island microstates. The main thesis is that there are two sides of the relationship between foreign policy as a dependent variable, on the one hand, and smallness and economic dependence on the other. First, foreign policy is conceptualised as one of the key areas through which small states, and in particular island microstates, seek to manage problems originating from small size and economic dependence. In other words, the conditions of smallness and economic dependence motivate certain activities in the external environment which make up foreign policy behaviour. Second, smallness and economic dependence circumscribe and constrain foreign policy behaviours of island microstates.

Islandness not only imposes difficulties over and above those of smallness *per se*, but also accords them a specific set of options (different from other small states). This analysis will also attempt to cast light on more general problems, issues and behavioural patterns relating to island microstates as a class of

international actors.

1. SMALL SIZE, ECONOMIC DEPENDENCE, ISLANDNESS AND FOREIGN POLICY BEHAVIOUR: AN OVERVIEW

On the basis of the evidence in the case studies, it will be argued that smallness often correlates (sometimes causally) with, and leads to, economic dependence. Limited resources, a common characteristic of small states including island microstates, often mean low national income to finance government activities -- both current and development. Thus, because of the shortage of financial, human and other resources makes governments of small states become dependent on external resources, e.g budgetary (especially in the case of Cook Islands), and development assistance, which is a general term for official assistance from developed to developing countries in cash grant, aid-in-kind, technical assistance (or specialised personnel) and soft loans. Because government is the main recipient of official development assistance, its dominant role in small economies is often thereby entrenched. Thus, it can be argued that the dominance of government in the economy is a characteristic of smallness, and is reinforced by foreign aid. In Kiribati for example, the dominant role of the government in the economy -- in the hotel industry, shipping, capital intensive commercial fisheries, electricity, and air services -- is attributable to the lack of private capital, which in turn necessitates government involvement. At the same time, the position of government is propped up by aid which provides the necessary capital.

The prominent role of government in the economy (plus other factors such as

migration, and dependence of the national economy on remittances and aid) has prompted some observers to put Cook Islands and Kiribati in a class of small economies called MIRAB societies.¹ These economies are characterised by:

the widening of the 'Jaws effect' as imports diverged from commodity exports....The excess of imports over exports (and of Government expenditure over Government income) shows clearly that on-shore exports via commodity production has become quite inadequate for microstates to pay their own way. The deficit is made up by overseas aid, remittances and other invisibles such as tourism or philatelic sales -- mainly by a combination of rent incomes.²

Watters (1987) contends that the above characteristics and patterns of behaviour distinguishes MIRAB states from other small societies and economies of the contemporary world.³

The MIRAB characteristics represent an interplay of the conditions of smallness and dependence in island microstates such as Cook Islands and Kiribati. The conditions of smallness are manifested in limited natural resources and necessarily, balance of payments and recurrent budget deficits, which then lead to dependence on aid to finance development and recurrent activities. Migration,

¹. MIRAB is a neologism which stands for M=Migration, R=Remittances, A=Aid, B=Bureaucracy. See, Ray Watters. 1987. "Mirab Societies and Bureaucratic Elites." In A. Hooper et.al., Class and Culture in the South Pacific. Suva: Institute of Pacific Studies.

². ibid.

³. ibid

which applies more to Cook Islands than Kiribati is a combination of 'push' and 'pull' factors. The 'push' is the result of unfavourable conditions at home -- e.g lack of employment opportunities, low wages etc.-- which, to a large extent, stem from the small size of the country. The 'pull' is the attraction of the destination country. Migration then leads to dependence, especially when remittances become a significant source of income for family members in the home country as well as an important source of foreign exchange earning for the economy. The Cook Islands case study shows a strong dependence of ordinary Cook Islanders on migration, such that no leader dares to suggest a change in the political status of the country, which facilitates migration.

Indeed, it can be argued that smallness and dependence correlate, and are, to a large extent, mutually reinforcing. Both smallness and dependence, singly or in combination, give rise to conditions to which the state must respond. Given national capacity limitations in addressing or overcoming such conditions, the response of the state is often to gain support from certain members of the international community. Foreign policy behaviour is one of the main avenues through which island microstates attempt to address problems emanating from, or associated with, smallness and economic dependence. If the conditions of smallness, and in particular, national capacity deficiencies motivate foreign policy behaviour, the same factors (i.e conditions of smallness) also, at the same time, influences, if not constrain island microstates' foreign policy behaviour (in addition to systemic and other factors). In other words, smallness and dependence

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including state and non-state actors. These vast EEZs have become the basis of involvement with other states -- with the distant water fishing nations for fisheries access agreements and with other Pacific island states through the Forum Fisheries Agency and the Nauru Agreement. Indeed, island microstates' control over vast EEZs is an important foreign policy resource which has contributed, in certain cases (e.g. fisheries negotiations especially in the case of Kiribati) to empowering the island microstates in their dealings with other states, especially those with interests in their EEZs. It has also, to some extent, challenged extant conclusions about the relationship between smallness (as defined on the basis of land area) and foreign policy behaviour especially as they apply to island microstates.

2. ISSUES IN COOK ISLANDS AND KIRIBATI FOREIGN POLICY BEHAVIOURS.

a. Political-Diplomatic Issue-Areas

The achievement of independence marks the formal starting point of a country's control of its foreign policy behaviour, in accordance, as far as possible, with that country's leaders' views of national interests and within the constraints imposed by the country's size, financial and human resources, and systemic forces. But independence (or in the case of the Cook Islands, free association) is more than a starting point for foreign policy-making. It is also a means to other ends (e.g. a source of votes or support in, or from, international fora and the members of the international community), as well as a goal which is rarely reached but must

be continuously secured. Independence is also a resource with which new smaller states can both create or respond to opportunities for change⁴, or as Tony Hughes (1983) has argued, a resource to sell to the highest bidder.⁵

The Cook Islands' experience has shown that any political status short of independence needs to be sufficiently spelt out and clarified if it is to be accepted by the international community as an acceptable substitute to constitutional independence. As a trend-setter with little precedent in International Law, Cook Islands' status as a self-governing state in free association with New Zealand has puzzled many observers. Cook Islands' status has, at times, become a stumbling block to its recognition as a self-governing state with the same capacity to conduct foreign relations as any other state. A major constitutional amendment was made in 1981 with the aim, among other things, of clearing lingering doubts about the country's political status and, therefore, its capacity to enter into international relations. Thus, because of the uniqueness of its political status, the issue of being recognised as having the capacity to enter into relations with other states preoccupied Cook Islands leaders to such an extent that it necessitated fourteen constitutional amendments.⁶

Kiribati's concern with being recognised as an independent state was implied

⁴. E.P. Wolfers. 1988. Foreign Relations and Foreign Policy-Making in the South Pacific: Independence and Beyond, (unpublished paper).

⁵. Tony Hughes. 1983. "Independence for Sale: What are the offers?" In R.G. Crocombe and Ahmed Ali, eds., Foreign Forces in Pacific Politics. Suva: Institute of Pacific Studies. pp.250-263.

⁶. Geoffrey Henry. 1994. "Preparing for the Future." In Crocombe, R.G., et.al., eds., New Politics in the South Pacific. Suva and Rarotonga: Institute of Pacific Studies.

in the open foreign policy adopted immediately after independence which did not quite specify the country's real national interests in its external environment, except to tell the world that Kiribati needed recognition of its independence by other members of the international community. To some extent, the rush with which the Treaty of Friendship with the US was concluded, despite the fact that it compromises Kiribati's independence in the "strategic denial type" clause (which requires Kiribati to consult with the US on the use by a third party of islands covered by the treaty), was to do with the preoccupation with being recognised as independent, or as a single entity.

The expressions of concern on the part of Cook Islands and Kiribati for recognition as competent international actors were not as costly as similar attempts by bigger new Third World states which involved establishing not just extensive diplomatic relations with other countries, but also opening of a large number of diplomatic missions abroad. The case of Ghana was a classic one, where after a few years of independence the country was reported to have opened around sixty overseas diplomatic missions, only to close some of them as costs were finally realised.⁷ Such options are often beyond the means of island microstates.

b. Economic-Development Issue-areas

Because of smallness and dependence, economic and development issues assume the greatest importance in the foreign policy behaviour of the two island

⁷. Boyce, *op.cit.* p. 90

microstates. Indeed, while other issues also matter, economic issues are most important. In the case of Kiribati, it was pointed out that economic considerations are often used as the yardstick by which the usefulness of specific foreign relations are measured. In other words, relations with other states (or membership in multilateral organisations) are often evaluated on the basis of what costs Kiribati is likely to incur and what economic benefits are anticipated. Likewise, economic issues are a high priority for the Cook Islands, especially as they sought to dilute their heavy dependence on New Zealand. For example, the Cook Islands government's attempts to seek membership of the African Caribbean and Pacific Group of the Lome Convention were, to a large extent, based on economic considerations, i.e the desire to benefit from European Union development assistance (e.g aid, export stabilisation and other forms of assistance) through the Lome Convention.

Indeed, a common view which is largely shared in the two case-studies, and in small states generally, is that independence (or in the case of the Cook Islands, a constitutional status accepted by other international actors to be as good as independence) is an important basis for national development and prosperity. As Eric Gairy, Prime Minister of a Caribbean island microstate just emerging from colonial rule noted: "We don't support independence, independence will support us."⁸ Implicit in Prime Minister Gairy's comment 'independence will support us' is the notion that the political status, independence, is a resource with which small

⁸. Quoted in John Connell, 1987. Island Microstates: Survival in a Changing World, Sydney: University of Sydney, p.17.

states respond to opportunities in their external environment, or that it is a resource which can be sold to the highest bidder. From the point of view of foreign policy behaviour, having the political/constitutional status of being independent, or its equivalence -- is viewed as an important means of increasing small states' economic options from its external environment through such means as diversification of foreign relations and creative uses of independence.

b. Other Issue-areas

The predominance of economic considerations in the foreign policy behaviour of the two island microstates under study is also suggested by the fact that activities in other foreign policy issue-areas, especially military-security and culture, are heavily influenced by economic rationalisations. Take military-security issues for example: Apart from their concerns with nuclear issues (as evidenced in the fact that both Cook Islands and Kiribati were among the first signatories of the Nuclear Free Pacific Treaty when it opened for signature during the 1985 Forum Meeting in Rarotonga, and in initiatives that both countries have taken in relation to the nuclear issue),⁹ military-security issues, especially defence, were never prominent in the foreign policies of both Cook Islands and Kiribati. In both countries, there is a somewhat erroneous assumption, even at the official

⁹. It is important to note that despite their small size, the two island microstates have been active on nuclear issues. Cook Islands under Albert Henry and Sir Thomas Davis was vociferous in its anti nuclear stand (see Y. Ogashiwa. 1988. Microstates and Nuclear Issues: Regional Cooperation in the Pacific. Suva: Institute of Pacific Studies.). In 1983 Kiribati and Nauru proposed a complete ban on the dumping of all nuclear wastes in the ocean at the meeting of the London Dumping Convention.

level that their defence is guaranteed by the ANZUS partners, although Cook Islands officials have more reason to assume the applicability of ANZUS to them given the fact that their defence was constitutionally the responsibility of New Zealand which used to be a member of ANZUS.

An important security-related issue for both Cook Islands and Kiribati given their vast EEZs is surveillance. In comparison with their larger Pacific islands counterparts which also share the same problem of policing their EEZs and enforcing their jurisdictions, the records of the Cook Islands and Kiribati have been impressive. Even before it got its patrol boat in 1993, Kiribati managed to impound an American purse-seiner, a South Korean long-liner and a bunkering vessel. This is an impressive performance by Pacific island standards, and proof that the Kiribati government is determined to enforce its jurisdiction over its vast EEZ. The Cook Islands has managed to supplement its limited surveillance capacity by concluding an agreement under its treaty of cooperation with France whereby surveillance activities between Cook Islands and French Polynesia are coordinated and integrated. The arrangement enhances Cook Islands' capacity when its lone patrol boat is augmented by three French patrol boats and French planes providing aerial survey. In addition, both island microstates are participants in regional surveillance programmes provided by Australian and New Zealand air forces, which are carried out under the aegis of the Forum Fisheries Agency.

Security in both Cook Islands and Kiribati as in other developing small countries is defined by the leaders of these countries largely in economic terms.

In other words, economic issues are very much at the heart of the security question, and one cannot talk of security without reference to economic issues. As the former Secretary-General of the Commonwealth and an island microstate statesman from the Caribbean aptly noted: "There are many respects in which the threats to sovereignty and territorial integrity begin in the economic domain."¹⁰

In the case of the two island microstates' activities (or in some cases, lack of activities) in the cultural issue-areas, economic factors and considerations again feature prominently as either motivating or impeding factors. For example, in the case of Cook Islands, aspects of culture (i.e. *tamure* and other creative expressions) are used to promote the economic interests of Cook Islands in tourism. The success of Cook Islands with the expressive arts as a means of promoting Cook Islands as a tourist destination has, to a large extent, contributed to more recent initiatives in the culture area (e.g. suggestion by Cook Islands Prime Minister Sir Geoffrey Henry to give UNESCO space in the country's new National Cultural Centre from which to encourage expression in the Pacific) by the Cook Islands government. Apart from promoting the image of the country and its leader, Cook Island's initiatives in the culture area also entail tangible economic benefits to the country, including those benefits deriving from hosting a regional programme.

By contrast, Kiribati has not been very active in cultural issues externally as evidenced in its irregular participation at regional or international sporting

¹⁰. Sir Shridath Ramphal. 1985. "Small is Beautiful but Vulnerable." In Commonwealth Secretariat. Vulnerability: Small States in the Global Society. (a report of a Commonwealth Consultative Group), London: Commonwealth Secretariat.

events and cultural/ arts festivals. Kiribati cannot afford to accord priority consideration, or commit financial resources to cultural diplomacy, a foreign policy issue-area in which tangible benefits are hard to quantify.

3. PATTERNS OF FOREIGN RELATIONS

Cook Islands and Kiribati are engaged in bilateral and multilateral relations with Pacific regional cooperation being the major element of multilateral relations, in terms of national commitments (e.g money, time and participation). In both sets of relations, economic considerations are important, if not predominant. For example, membership in multilateral organisations, particularly international organisations such as UNDP, ADB, ESCAP, etc., is in most cases, justified on the basis of the anticipated economic benefits. Cook Islands and Kiribati's reasons for joining Pacific regional organisations may not in the first place be strictly economic, and that other considerations, such as political, historical and cultural considerations also apply. Increasingly, economic-development issues now make up the bulk of island microstates dealings with Pacific regional organisations. For example, the South Pacific Forum, which meets annually is a political gathering of Pacific islands heads of government including Australia and New Zealand, but its agenda is increasingly dominated by economic issues. The Forum Secretariat is predominantly an economic organisation in terms of its objectives and work programme. Almost all Pacific regional organisations have strong economic-development objectives.

a Bilateral Relations

Foreign affairs officials in both Cook Islands and Kiribati rated potential economic benefits and intensity of economic relations as the most important reasons for establishing or maintaining bilateral relations. Other considerations include, social and cultural affinities, location in the same region, and sharing of a common perception or interest relating to a certain issue (e.g. global warming -- which relate both Cook Islands and Kiribati to other island microstates which share the same interests, such as Maldives, Caribbean and other members of the Alliance of Small Island States).

Cook Islands' most important bilateral relationship is with New Zealand. ^{nal} link. The main objective, as far as Cook Islands officials are concerned, is to retain the existing links with New Zealand, while exploring and developing new relations. How Cook Islands tries to maximise benefits from its special relationship with New Zealand both official and personal is discussed in Chapter Six. The special relationship has served Cook Islands well as a 'safety net' it can always fall back on, while it explores and takes the plunge into new waters.

The Cook Islands has also pursued its interests independently of New Zealand -- sometimes to the dislike of New Zealand authorities. For example, the Treaty of Cooperation with France complicated New Zealand's own difficult relationship with France. Cook Islands has also pursued economic policies and actions which have negative repercussions on the New Zealand economy. For

example, in the now famous 'Wine box' tax scam controversy, it has been alleged that Cook Islands' international financial centre has been used by New Zealand corporations for tax evasion, much to New Zealand's dislike and consternation.¹¹

Cook Islands Government's refusal to cooperate fully with New Zealand's Commission of Enquiry into the so-called 'Wine Box Affair' by claiming that revealing details of transactions involving New Zealand companies contravene provisions of its (i.e Cook Islands) national laws, is seen by some politicians and officials in New Zealand as complicity and insensitive acts of defiance and ingratitude.

The other main bilateral relations which are of special importance to Cook Islands are with Australia, France and USA. Australia provides a significant amount of aid and is important as a tourist market and source of imports. Because of the large number of Cook Islanders who have gained permanent residence in Australia through their New Zealand citizenship -- New Zealanders have free access to Australia and vice versa -- Australia has also become an important migration destination and source of remittances. France is important as an aid donor, bilateral treaty partner, and also because of Cook Islanders' close social and cultural ties with French Polynesia. USA, in particular the state of Hawaii, is an export market for Cook Islands handicrafts and through air links is crucial as a source of tourists. Cook Islanders also feel a special affinity with Hawaii due to their common Polynesian background, which has been the basis of a growing

¹¹. Economist Intelligence Unit, 1990. op.cit., p.57

number of cultural and educational exchanges. The USA as a whole is important as a source of clients for the international financial centre and tourists.

In each of these countries, Cook Islands has established some form of representation through high commissions in Australia and New Zealand, and honorary consuls in Hawaii and French Polynesia, and formerly in Washington. Because of their significance as tourist markets, Cook Islands, through its Tourist Authority, has also appointed representatives in Australia, New Zealand, USA and Hong Kong to facilitate the marketing of Cook Islands as a tourist destination.

The pattern of bilateral relations in the case of Kiribati, despite its open foreign policy in the early years of independence, is largely with countries with which it had prior, especially economic relations. Thus, besides its pre-independence links with UK (as the colonial power), Australia and New Zealand (sources of imports, markets for phosphate and later, aid donors), relations have been established with Japan, Germany, Canada, South Korea and the European Union. In each of these countries Kiribati has multiple economic interests -- which include, aid, trade (both sources of imports and export markets, and employment). With the exception of the European Community, Kiribati maintains representation through honorary consuls and consul-generals in each of the above countries.

In both Cook Islands and Kiribati, developing bilateral relations with other Pacific island states has also been a high priority. However, on the basis of resources committed and time, relations with other Pacific island states outside interactions in regional institutions are more symbolic than real. Indeed, in the

case of the Cook Islands, French Polynesia is the only country with which regular contacts and interactions are maintained. Other Pacific island countries are dealt with as the need arises.

Kiribati, however, has more to do with other Pacific island countries outside of regional cooperation. For example, Fiji is important as a source of imports and the host of a number of Pacific regional organisations and international development agencies in which Kiribati has interests (e.g UNDP, Pacific ACP/EU Bureau, ILO). Fiji is also important as the point from which certain foreign diplomatic missions are accredited to Kiribati e.g. UK, USA, France, Japan and European Union. Bilateral relations with Nauru are important to Kiribati because a large number of I-Kiribati are employed there in the phosphate industry. Nauru is also a major transit point for air travel to and from Kiribati. Indeed, Air Nauru has provided Kiribati with a major air link overseas for over two decades. For historical reasons, the bilateral relations with Tuvalu are also important. The island groups were linked together for over 70 years as the Gilbert and Ellice Islands Colony, resulting in a number of family ties through marriage. Although the groups went their separate ways in 1975, strong ties of kinship and friendship keep the two peoples close.

In both Cook Islands and Kiribati therefore, there is a clear relationship between economic interests and the pattern of representation. Because of the constraints of limited resources, particularly finance, the two island microstates, and more so Kiribati have been forced to opt for inexpensive and cost effective

forms of overseas representation. Cook Islands chosen full diplomatic missions in New Zealand, and for two years in Australia, where there are multiple elements in the relationships, and honorary consuls in other major bilateral partners. Kiribati has opted for representation only through honorary consuls and consuls generals, which are considered by Kiribati foreign affairs officials as adequate and cost effective. In the case of Australia and New Zealand, which maintain diplomatic missions in Kiribati, honorary consuls general in both countries supplement the face-to-face interactions that the Kiribati government has with the local representatives of both countries. In both Cook Islands and Kiribati relations are made more beneficial by bilateral visits as required (e.g for aid negotiations) and consultations during regional meetings (e.g the annual South Pacific Forum meetings).

Over all, the pattern of bilateral relations of both island microstates are as predicted by the East model of small states' foreign policy behaviour, functionally and geographically limited. Functionally, bilateral relations as outlined are very closely related to economic interests. In such small dependent economies, government plays a major part in the economy -- in ensuring that private and public demands for goods, services and development are met. Given the limitations of the island microstates, governments seek to meet national needs in its external environment through trade, foreign aid, improved communications, secure sources of supplies, reliable markets for exports as well as provision of employment. Ideally, it may be in the interests of any state, and more so small

states, to reach out and cast the foreign relations net widely so that a good many states can be called on for assistance, but bilateral relations cost money to establish, manage and service, which the small states, and in particular the island microstate, do not have. Thus, the options are to find ways of maximising benefits from existing relations, or to wait for the larger states to initiate relations, or to concentrate on one's region and those states that already provided assistance.

The bilateral relations of Cook Islands and Kiribati are predominantly, in the case of Cook Islands, countries in the Pacific region, i.e New Zealand, Australia, France (French Polynesia) and USA (Hawaii). For Kiribati, the focus is in Asia/Pacific and Europe. Apart from Pacific regional cooperation, the two island microstates -- which seem to share a number of problems, and even a common border, have little contact with each other. In part, this is attributable to their different orientation (i.e Cook Islands to New Zealand, but Kiribati to UK during the colonial era, but now increasingly to Australia).

The two island microstates not only have relatively little to do with each other outside regional cooperation, but in varying degrees, with other Pacific island states. The relatively few bilateral interactions between Pacific islands states can be explained by the fact that the solutions to many of their internal economic problems comes not from dealing with each other, but from their interaction with larger, more developed countries including Australia and New Zealand. Individually, and outside (and in many cases, within) South Pacific regionalism, Pacific island states are competing with each other for the attention

of the larger developed Western countries.

b. Multilateral Relations

i. International Organisations

Due to limited resources, neither island microstate has acquired membership in a large number of international organisations. Neither Cook Islands nor Kiribati is a member of the United Nations, because they consider membership too expensive, and also because there are alternative choices, which are less expensive. Both joined many specialised UN agencies (the major ones being FAO, ICAO, IFAD, UNDP, UNESCO, ILO, UNIDO and WHO) which is a lot cheaper than full membership, although it precludes the political benefits of participation and voting in the General Assembly.

While both countries seem to have almost the same pattern of multilateral relations, the difference is explained by political status. Cook Islands is not a full member of the Commonwealth, except by extension through New Zealand, nor the African Caribbean Pacific group because of its free association status with New Zealand.

Since the admission to the United Nations of the Federated States of Micronesia and Marshall Islands which have close political and constitutional relationships with USA, in much the same way as Cook Islands with New Zealand, Cook Islands has given serious consideration to seeking the membership of the United Nations, although in practice this may not eventuate because of

costs. For Cook Islands, the membership of the United Nations could provide the opportunity to lay to rest some countries' doubts of its status and give it the recognition its leaders want. The South Pacific Forum was recently been granted observer status in the General Assembly of the United Nations, which gives the smaller island microstates direct access to the United Nations, but not the recognition that Cook Islands leaders want. Thus, membership of UN will continue to be an issue to be resolved in both countries.

Both Cook Islands and Kiribati are members of the Alliance of Small Island States (AOSIS). Originating from concerns over global warming and rising sea level, and in particular, pushing for appropriate responses from the international community, it (excluding non-UN members) has become a bloc commanding over 50 votes in the UN General Assembly.

ii. Regional Cooperation

As in other Pacific island countries, regional cooperation was perceived to be an important vehicle for promoting development on a regional basis, supplementing individual national efforts. Despite its political underpinnings as an expression of Pacific islanders' independence, all Pacific regional organisations have development-related objectives. While regional institutions such as the Forum Secretariat and the South Pacific Commission have general, if not multiple development objectives, other South Pacific regional organisations address specific development areas. For example, the Forum Fisheries Agency (FFA),

South Pacific Regional Environment Programme (SPREP), the South Pacific Geoscience Commission (SOPAC) deals with minerals and non-living resources, particularly in the area of research, and the University of the South Pacific (USP) assists member countries with human resource development. Both Cook Islands and Kiribati belong to, and participate actively in, the South Pacific-wide inter-governmental regional institutions. Cook Islands was one of the founding countries supporting the concept of indigenous Pacific regionalism, which fuelled Pacific island leaders' push for the 'decolonisation' of SPC from 1965 through to the early 1980s and the establishment of the South Pacific Forum in 1971.¹²

As two of the smaller members of Pacific regional organisations, Cook Islands and Kiribati have, however, not benefitted from some regional programmes to the same extent as larger countries like Fiji. One such regional programme is SPARTECA, a non-reciprocal regional trade agreement between the Pacific island members of the Forum and Australia and New Zealand, through which the Pacific island states' agricultural and manufactured products are given preferential access to Australian and New Zealand markets. The agreement has benefitted the larger Pacific island countries which have significant industrial capacity.¹³ The governments of both countries, in concert with other smaller island states have, therefore, been active in bringing this situation to the attention of larger Pacific

¹². For detailed discussion of the development of Pacific regional cooperation, see G.E. Fry. 1981. "Regionalism and International Politics of the South Pacific." Pacific Affairs, vol.84, pp.455-84.

¹³. R.G. Crocombe. 1989. The South Pacific: An Introduction. Suva: University of the South Pacific. p.132.

island states.

The smaller island states such as Cook Islands and Kiribati have, since 1984, been paying a lower rate of financial contribution based on their capacity to pay to almost all Pacific regional organisations. The exceptions to this general pattern are USP which uses the user-pays principle and the Pacific Islands Development Program, to which Pacific island governments' contributions are voluntary, with the bulk of funding coming from the US government.

iii. Sub-regional Groupings

The efforts of smaller island microstates such as Cook Islands and Kiribati to draw the attention of other Pacific island states to their special problems and needs have also resulted in specific programmes and initiatives within the broader South Pacific regional arrangements, particularly the Forum. An important example of such programme was the establishment in 1984 of the Small Island States Shared Financing Facility within the Forum Secretariat's work programme through which smaller members of the Forum can benefit from "quick and flexible responses to critical [development] needs not catered for by other programmes."¹⁴

Since 1990 leaders of smaller island microstates have been meeting annually in the Smaller Island States Summit in which they discuss individual and common concerns with heads of the South Pacific regional organisations and

¹⁴. Forum Secretariat. 1993. Report: Third Economic Summit of Smaller Island States. Funafuti, Tuvalu. Agenda item 5.

programmes. Growing from a Forum programme, and operating within the existing system of regional cooperation, the Summit can be regarded as a form of associative diplomacy. From perspectives of the governments of Cook Islands and Kiribati, the Summit is an attempt by the smaller members to make regional cooperation more responsive to their needs, which, as former President Teannaki of Kiribati points out, "may not be given prominence in the maze of problems within the larger gathering."¹⁵ Issues raised in the Summit are usually of two kinds: those involving existing projects and programmes of regional organisation in relation to the smaller island microstates, and new initiatives which are specific to the smaller island states individually and collectively. Two examples of the rather innovative issues raised by the Summit, which show not only the specificity of the needs, but also the fact that the issues cannot be raised in a bigger gathering, include a proposal for generating income from the use by others (e.g airlines) of the smaller island microstates' airspace¹⁶ and a proposal for the formation of an investment consortium through which the smaller island microstates might engage in joint economic activities internationally.¹⁷ The

¹⁵. Island Business Pacific. April 1994. p.17

¹⁶. Forum Secretariat. 1993. Third Economic Summit of Smaller Island States Leaders: Agenda Item 4 - Follow-up to Second Summit (Paper SPFS(93)SIS.3) 1993. The proposal did not lead to a concrete project because, in accordance with provisions of the Chicago Convention of 1944 on International Civil Aviation, each contracting state of ICAO has complete and exclusive sovereignty over the air space above its territory. It is interesting to note that as a ICAO contracting country, Fiji's Flight Information Region for which it charges and collect levies encompass the airspace of other South Pacific island states, including Kiribati and Tuvalu. The fact that Fiji collects levies for the use other states' airspace (which come its Flight Information Region) may have motivated the proposal in the first place.

¹⁷. Forum Secretariat, 1993, op.cit. p.4. Despite the reservation of the consultant, Rodney Cole of ANU, the Smaller island states group believed that the proposal is worth pursuing.

proposals suggest the smaller island microstates' desire to improve their economic prospects through cooperation with like-minded actors in the context of the wider South Pacific regional cooperation, and through payment by others for resources (e.g airspace) which have hitherto been used free.

Part of the success of the smaller island microstates as a group within South Pacific regional cooperation is due specifically to the part played by the leaders of Kiribati and Cook Islands in the formation of the Summit. In 1983, the President of Kiribati Ieremia Tabai presented a paper at the Tuvalu meeting of the Forum pointing out the problems of smaller island states. Because of their presence in Tuvalu, Forum leaders were able to experience firsthand the situation in a very small state, and give the initiatives for addressing the special needs of smaller states their strong support. Tabai's paper led to the establishment by the Funafuti Forum of the Smaller Island States Committee and the Smaller Island States Shared Financing Facility. Geoffrey Henry took his cue from the many interactions of leaders and officials from the smaller island states in meetings associated with the Smaller Island States Financing Facility and organised the first meeting of the Economic Summit of Smaller Island States leaders in 1990. The fact that both leaders were able to take the initiatives specifically addressed to needs of a subset of the South Pacific region without alienating their counterparts from the larger South Pacific island states demonstrates that there was a legitimate claim for special treatment for smaller members of the Forum, and at the same time highlights the diplomatic abilities of both leaders. In relation to the latter, it can

be recalled that earlier attempts in the 1970s at addressing the special needs of small states was resisted by larger South Pacific states.¹⁸

The smaller island states group that Cook Islands and Kiribati helped set up is an example of a sub-regional grouping based on common interests and shared perception that present arrangements -- e.g regional organisations -- are either inadequate or too cumbersome to deal with the common concerns of subsets of the region. Sub-regionalism only emerged in the 1980s. Originally viewed as divisive, sub-regional groupings have now come to be tolerated and increasingly accepted as an important and legitimate element of South Pacific regional cooperation. The proof of this acceptance is in the way in which most of the sub-regional groupings are serviced and facilitated by the main regional organisations. Others like the Melanesian Spearhead Group and the Central Pacific States Group, which have not sought direct servicing by the main regional organisations, are also accepted by other Pacific island states.

Kiribati is involved in two other sub-regional groupings, viz. the Nauru Group and the Central Pacific States Group. The Nauru Group was formed in 1982 when seven island governments -- Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea and Solomon Islands -- with richer tuna stocks than the rest of the Forum member countries, decided to get together to agree on common terms for fisheries access agreements with foreign distant fishing nations. Controlling over 70 percent of the total EEZs of Forum

¹⁸. See for example, Fry 1981 op.cit., and Neemia 1986 op.cit.

island member countries and having a concentration of tuna resources, this group is a major force in fisheries matters in the South Pacific region. Within the Group, Kiribati is an influential and respected member, largely because it has the largest EEZ among the Nauru Agreement Group. In 1994, Kiribati officials forcefully argued for the de-prioritisation of the multilateral fisheries treaty with Taiwan, and a quick conclusion of the Federated States of Micronesia Arrangement for Regional Fisheries Access, an agreement which, among other things, establishes a licensing regime under which purse seiners from parties to the agreement may gain access major fishing grounds in the Western Pacific on terms and conditions no less favourable than those for foreign fishing fleets.¹⁹ The success of these moves within the Nauru Agreement Group and later the Forum -- which endorsed the FSM Arrangements -- reflects, to a certain degree, Kiribati's influence within the Nauru Agreement Group.

The other sub-grouping is the Central Pacific States Group, a major initiative

by President Teburoro Tito which was first proposed at the opening ceremony for Kiribati's Bonriki International Airport extension in January 1995. Since its first informal meeting in Tarawa, the group -- which brings together Kiribati Marshall Islands, Nauru and Tuvalu -- has met twice to work out details of their areas of operation, which at this stage, are shipping and a jointly owned airline, and trade links.

¹⁹. Teekabu Tikai, Secretary for Environment and Natural Resources Development. personal communication. May 1994.

Cook Islands is not involved in any similar sub-regional groupings, but was part of a failed attempt in 1988 by other Polynesian states to establish the Polynesian Cultural Group as a reaction to the formalisation of the Melanesian Spearhead Group.

Sub-regionalism is an important avenue through which Kiribati pursues its external, predominantly, economic interests, both international and regional. Although the three sub-groupings within the wider South Pacific regional cooperation (i.e Small Island States Summit, the Nauru Agreement Group and the Central Pacific States grouping) in which Kiribati participates have overlapping membership, their objectives are clearly defined, and they represent different, but complementary responses to different problems of smallness, dependence and powerlessness (in terms of negotiations with states). The Small Island State Summit deals with general issues relating to smaller island microstates within the wider Pacific regional cooperation. The Central Pacific States grouping involves, at this early stage, economic issues specific to the four island microstates and their contiguous environment. The Nauru Group focuses on an important natural resources common to the parties, and their desire to maximise benefits from the resources through their deals with third parties and among themselves. By their collaborative effort -- as evident in their uniform conditions to foreign fishing fleets, the parties to the Nauru Agreement are finding strength in their negotiations with powerful outside fishing interests.

4. ISLANDNESS AND ISLAND MICROSTATE FOREIGN POLICY BEHAVIOUR

As a characteristic of island microstates which distinguishes them from other

microstates, islandness not only implies remoteness and isolation, but also, and increasingly more significant in terms of their external activities, the island microstates' relationship with the sea that surrounds them. The case studies of Cook Islands and Kiribati show the increased importance of the sea in their foreign policy behaviours.

The Cook Island seabed has a high concentration of manganese nodules, and that Kiribati has cobalt-rich manganese crusts and manganese nodules. The EEZs are also rich in marine life, especially Kiribati which lies in the equatorial zone favoured by tuna, which yield income from tuna exports and foreign fishing license fees which currently contribute around a quarter of government recurrent revenue. The relative abundance of tuna in Kiribati waters has, therefore, led to increased involvement with external actors, particularly foreign fishing countries, and other Pacific island states with similar interests, e.g. members of the Nauru Agreement group. The size of Kiribati's EEZ and the abundance of tuna and potential for seabed mineral resources has empowered Kiribati in its dealings with others. Kiribati's 1985 fishing agreement with the Soviet Union and its unintended consequences, in terms of aid increases and other concessions, underscores the importance of the sea as a resource for negotiations, which Kiribati has since then increasingly exploited. Kiribati has had reasonable success in its negotiations with

foreign fishing countries. The terms and conditions of access agreements have improved in Kiribati's favour each year. Apart from increased fees, employment for I-Kiribati on Japanese and South Korean vessels are now a standard features of such agreement.

The Cook Islands have smaller commercial quantities of tuna. However, they earn foreign exchange from the export of another marine resource, pearl and the potential exists for the future exploitation of seabed minerals -- a point noted by the Prime Minister, Sir Geoffrey Henry in relation to questions about Cook Islands debt in a New Zealand Channel 3 current affairs programme, 'Assignment'.

The vast expanse of EEZ is associated with the burden of policing and enforcing sovereignty over it. Both island microstates have been very serious in enforcing their *de jure* control, using a combination of regional, national and joint surveillance with neighbouring and other countries.

Islandness also implies remoteness and isolation, which despite comparative advantages it gives in some cases (as discussed in Chapter One), is a disadvantage. Being off the main trade routes and given the low volumes of cargo to and from the major ports, few commercial lines can sustain regular shipping services to Cook Islands and Kiribati. For this reason, both governments supported a regional venture -- the Pacific Forum Line. The Line operated a feeder service from Suva to Kiribati until it was withdrawn in 1993, because it was claimed to be financially non-viable. Because of the necessity of maintaining shipping links to and from its major sources of supplies, Kiribati launched its own

international shipping service with a single vessel. Now, because of increased demand from countries served by Kiribati's international shipping service especially Tuvalu and Nauru, two ships are being used to maintain a service originating from Auckland and Suva and serving Tarawa (Kiribati), Noumea, Vila, Wallis and Futuna, Nauru, Tuvalu and Marshall Islands. For the same reason, (i.e. to overcome isolation), Nauru spends millions of dollars to keep Air Nauru flying so that Nauru is not cut off by air from the rest of the world.

Another issue of concern to Cook Islands and Kiribati with foreign policy implications is that of global warming and sea level rise. There is grave concern that the atolls of Kiribati and Cook Islands will become uninhabitable if the predicted sea level rise occurs. Both countries have been involved in regional (through SPREP, South Pacific Forum network of monitoring stations) and global efforts (through Association of Small Island States, the Intergovernmental Committee Negotiating a Framework Convention on Climatic Change and United Nations Conference on Environment and Development).

Over all, islandness -- in particular the importance of the sea -- has implications for the economies of island microstates and foreign policy behaviour as it provides better economic prospects, and a basis for increased involvement with external actors. More importantly, the sea, and in particular the vast EEZs and their potentials will increasingly contribute bargaining strength and provide important leverages in island microstates' dealings with other states, in particular those states which are interested in gaining access to resources within the

jurisdiction of the island microstates. Kiribati has already begun to engage in what Hoadley refers to as 'maritime diplomacy',²⁰ in which the island microstate's EEZ (and resources within it) become a basis of increased involvement with other states, and an important leverage in its external relations.

5. FOREIGN POLICY BEHAVIOUR AND SELF-RELIANCE

Most studies on the effect of dependence on foreign policy behaviour theorise that the condition of being dependent engenders compliance and submissiveness to the interests of the dominant state.²¹ While this is true, it is equally true that dependence also can motivate a dependent state to reduce, diversify or even free itself from dependency; in brief, to seek alternatives. The search for better alternatives from dependence on any one or several states is now a possibility, simply because the political/constitutional status of the small states as independent states (or in the case of the self-governing in free association) has expanded the number of other states to relate to. The possibility of diversifying relations has given smaller states a certain degree of manoeuvrability, and enabled them to pursue autonomous, self-reliant actions. Cook Islands and Kiribati pursue autonomous actions and self-reliance in slightly different ways.

In Kiribati for example, self-reliance under the catch-cry, *Te kan riki n toronibwai*, was always the goal of the Tabai administration, which led Kiribati

²⁰. Hoadley, *op.cit.* p.108

²¹. See, for example, B. Moon, 1983 *op.cit.* and N.R. Richardson, 1978, *op.cit.*

for the first 12 years of independence. As a policy objective, self-reliance was reflected in its development plans and foreign policy. Since independence, the main foreign policy objective was to diversify Kiribati's external relations. As a result, the former colonial master quickly lost its lead in a list of countries on which Kiribati depends for aid, as Australia and Japan replaced the United Kingdom as major bilateral aid donors. In 1985, six years after independence, Kiribati terminated British budgetary aid, one year in advance of the agreed date. As Kiribati's relations with other countries developed, its relationship with Britain diminished in importance. The success with which Kiribati was diversifying its official external relations can be gauged by the fact that it was prepared to go beyond the 'traditional' circle of friends when it entered into a fisheries agreement with the Soviet Union in 1985. The budgetary shortfall from the termination of British budgetary grant was filled by the Soviet fisheries fee. With the diversification of foreign relations came the diversification of aid sources. By 1989, ten years after independence, Britain contributed only 15 percent of total aid, while Australia and Japan each contributed over 30 percent.

In the case of Cook Islands, the promotion of self-reliance and autonomy was directly motivated by other international actors' (states and international organisations) perceptions of the political status of the Cook Islands, in particular, its constitutional links with New Zealand. At first glance, the constitutional links give the impression of a stable dependent relationship with New Zealand. Herein lies the motivation to diversify external relations to prove that Cook Islands is in

practice, independent, despite its legal status. With its constitutional link as a 'safety net' Cook Islands began to diversify its external relations. Because of its constitutional links with New Zealand, Cook Islands was not very successful in opening formal diplomatic links outside the South Pacific region, the only countries from outside the South Pacific which recognise Cook Islands as an independent state were initially USA and France, and later Japan, Canada and Italy. Cook Islands' independence is recognised by other South Pacific Island countries, although the constitutional relationship with New Zealand is vaguely understood. Because of its relative little success (compared to Kiribati for example) in diversifying formal diplomatic relations, and given the strong desire by its leaders to be seen as an independent country, Cook Islands leaders have chosen to pursue rather unconventional, if sometimes 'adventurous' options -- for example, flag of convenience, international financial centre and more recently, the Letters of Guarantee -- in pursuing self-reliance and promoting its image as an independent country in all but name. The flag of convenience shipping registry failed as most of its registered ships suffered mishaps, which suggests these ships were unseaworthy in the first place. The International Financial Centre started successfully until the 'wine box' controversy smeared its reputation, and, to some extent, the international reputation of the country. It is reasonable to assume that the 'wine box' controversy has caused the Centre irreparable damage. More recently, the Cook Islands government again embarked on another unconventional attempt at pursuing self-reliant action. This time the case is that of the Letters of

Guarantee, which the press has described as a fraudulent 'Get Rich-Quick' scheme. All three are examples of the creative use of independence -- or as in the present case of Cook Islands, independence in all but name. With the exception of the Letters of Guarantee, the other methods of raising revenue -- financial centre and shipping registry -- are common, even in the South Pacific region.

The pursuit of self-reliance is often based on a state's perception or assessment of the resources at its disposal. For Kiribati, it is the presence in its vast Exclusive Economic Zone of tuna and to some extent, the potential of other non-living resources. This resource has, as noted above, been the basis of Kiribati's external economic relations with foreign fishing countries. The Kiribati government has benefitted from income received through licensing fees and employment of I-Kiribati on Japanese and South Korean vessels. Other economic benefits from tuna include export income and employment benefits from the national fishing industry. Another important resource which is important to Kiribati's pursuit of self-reliance is the country's Reserve Fund (RERF) which has a value as at November 1994 of A\$324 million. The reserve fund is an important capital resource which has been used to balance Kiribati's recurrent budget, without having to depend on aid donors for budgetary grant -- a fact that Kiribati leaders often emphasise as contributing to the national sense of financial security and independence.

Despite its pearls and the potential in seabed minerals, Cook Islands' hope for self

reliance is, at the present time, based not on natural resources, but services, e.g. the

financial centre and tourism. Like tuna in Kiribati, both tourism and the international financial centre have contributed to increasing Cook Islands' involvement internationally. In addition to Cook Islands diplomatic representatives, the Cook Islands Tourists Authority has its own representatives in Hong Kong and USA who market the islands as a tourist destination. It is ironical, that despite the promise of tourism as the major contributor to self-reliance, tourism has been the major factor in the country's large debt burden. A single tourism-related project entered to by politicians with a Mafia-linked bank and construction company in Italy, the Sheraton Project added NZ\$81 million to the country's overseas debt in 1991.

Both Cook Islands and Kiribati have used three types of relations through which they pursue their external interests: bilateral, multilateral and associative (e.g. sub-regional groupings). The differences in their political status and their national interests often determine the type of relations. For example, because Kiribati shares common interests with three sets of South Pacific states, all of which feel the same need for joint action in order to protect or further common interests (e.g. tuna resources), it has become a member of different three sub-regional groupings, with overlapping memberships. Apart from the issues of smallness in the context of South Pacific regionalism, Cook Islands does not have as many shared interests with other South Pacific states, and therefore, involved

less than Kiribati in such sub-regional groupings.

Because of the political status of Kiribati, it has been able to establish formal bilateral relations with more states than Cook Islands. Political status also affects the pattern of their multilateral relations, with Kiribati able to gain membership in the Commonwealth and the African, Caribbean and Pacific Group (ACP) while Cook Islands was unable to do so, because of others states' perception of political status as short of full independence. Apart from these two multilateral organisations, both island microstates are members of basically the same international organisations, most of which have development-related goals. As members of the same geopolitical region, Cook Islands and Kiribati are members of the same South Pacific regional organisations.

Because of Cook Islands' relatively limited success with formal bilateral relations, and therefore it has access to few bilateral aid donors, Cook Islands has resorted to lending institutions, e.g Asian Development Bank, Caisse Central de Cooperation Economique (France), and commercial Italian bankers, ICLE, for development funding. For the same reasons, -- i.e limited success with formal bilateral relations -- Cook Islands is using more unconventional relations, often outside formal government-to-government relations.

5. CONCLUSION

If there is a common thread that runs through current theories or thinking on the relationship between the small size of the country (as reviewed in Chapter

3) and dependency, in particular economic dependence (as reviewed in Chapter 4), both as independent variables on the one hand, and foreign policy behaviour as a dependent variable on the other, it is that of a syndrome of disabilities and constraints associated with smallness and dependency. Though not explicitly stated, it is often accepted that disabilities and constraints on foreign policy behaviour (development and other forms of state behaviours) increased in gravity down the small states scale. Thus, the smaller the country the more dependent it becomes and the more constraints the country faces in pursuing its national objectives in its wider external environment. On this basis, Cook Islands and Kiribati being very small states within the small states category would be expected to face maximum size-related difficulties and constraints in their foreign policy behaviours.

Indeed, they share a number of the characteristics of small states foreign policy behaviour as in East's conventional model. Because of limited financial and human resources, their overall participation in their external environment is limited. For example, they are not members of the United Nations and the number of countries with which they have bilateral relations are relatively few. Like other small states, the levels of activities in inter-governmental organisations are high, although this characteristic needs two qualifications in the case of Cook Islands and Kiribati. First, because of limited financial resources, the inter-governmental organisations in which the two island microstates seek membership of are predominantly those in their contiguous arena, i.e the South Pacific region, and

participation in organisations further afield beyond the South Pacific region needs to be justified on the basis of net benefits (in most cases, economic or in terms of development objectives). Second, as smaller members of the inter-governmental organisations in which Cook Islands and Kiribati are members of, they are generally disadvantaged and are not particularly well-placed to benefit from some of the major programmes. Thus, within the broader South Pacific regional cooperation smaller members such as Cook Islands and Kiribati have been very active in the establishment of programmes (e.g Small Islands Shared Financing Facility within the Forum Secretariat's Work Programme) and groupings such as the Small Island States Summit to address specific needs and concerns of a subset of the membership.

Also, because of limited resources, the size of the diplomatic machinery is generally small in both island microstates and the scope -- functionally and geographically -- of foreign relations is restricted. Functionally, the emphasis, in most cases is on the economic development. Because of this, economic ministries (e.g Ministries of Finance, Trade, Communications and natural Resources) tend to play a much bigger role than the Ministry of Foreign Affairs (or the part of government handling foreign relations) in securing the microstates' interests from their external environment. While this involvement of other ministries in external affairs may lead to overlap of responsibilities and functions, and to some extent, institutional rivalries, the role of the head of government as minister responsible for foreign affairs and other key economic ministries as in the case of Cook

Islands, or his influence in cabinet (e.g in both Cook Islands and Kiribati) often provides the coordination mechanism which obviates major conflicts between ministries. In Kiribati for example, the Development Coordinating Committee, an inter-ministerial committee oversees development programmes and projects.

The island microstates studied in the present thesis generally show, like other small states, high levels of respects for international legal norms, avoid the use of force (something that they do not possess in the first place in relation to larger states) as a technique of statecraft and alienating more powerful members of the system, and frequently using moral and normative positions in international issues. The situations have not arisen when these characteristics could be proven, although they are implicit in a number of statements by leaders and officials from both countries.

Over all, the two island microstates studied in this thesis comply with the characteristics of East's model of small states' foreign policy behaviour, although there are variations in details and areas where certain qualifications need to be made to reflect the situation or behaviour of smaller states within the small states category. Other 'small states' much larger than Cook Islands and Kiribati also comply to the characteristics of East's model, even New Zealand, as Henderson (1980) has shown. Thus, because of the general applicability of East's model to all so-called 'small states', it may be argued that the model is of limited use in understanding or explaining the foreign policy behaviour of island microstates as a subcategory within the small states category.

It is necessary in order to throw more light on the foreign policy behaviour of island microstates as a specific category of small states to discuss Cook Islands and Kiribati foreign policy behaviour on the basis of one of the main hypotheses from Reid's propositional inventory, which incorporates, refines and applies characteristics from other theories and models of foreign policy behaviour to the situation of microstates.

Reid's hypothesis is: *"While [island] microstates are highly dependent on external support to achieve domestic goals, their instrumentalities for manipulating the external environment are severely limited."* On the whole, the foreign policy behaviour of the two case studies generally validate the above hypothesis, since both lack natural, financial and, to some extent, human resources essential for the achievement of national objectives, they depend heavily on external support, which takes a wide range of forms including, favourable economic policies (e.g. trade terms, concessionary interests rates for loans, market access for products etc.), provision of development assistance (e.g. cash grants, equipment and personnel), and the provision of essential services (shipping, telecommunication, civil aviation). Their dependence on external support for the fulfilment of their domestic economic and development goals is evident in the predominance of economic considerations in their foreign policy behaviour. But while they are heavily dependent on external support, the means (organisational, national capacity, resources and leverages) through which they manipulate external factors and environment are severely limited.

With independence (or self-government in the case of Cook Islands) as a resource with which to respond to, or create, new opportunities, both Cook Islands and Kiribati continue to seek ways of maximising benefits from existing bilateral and multilateral (including Pacific regional cooperation) relations, and most importantly, engaging in new forms of foreign policy behaviour which include associative diplomacy (i.e association based on certain issues, often within the context of a wider grouping) and in non-conventional relations which often involve quasi- or extra-state actors.

In terms of existing bilateral relations, although limited quantitatively (Cook Islands has formal relations with 13 states and Kiribati 33), both have been trying to explore ways of benefitting from such limited relations. For example, Cook Islands continues to draw a wide range of benefits from its special relationship with New Zealand, while it explores new relations. In addition to the usual bilateral and multilateral (which include South Pacific regional cooperation) relations, both island microstates engaged in associative diplomacy and 'unconventional' external relations, because the relations often occur outside conventional government-to-government relations.

Kiribati uses associative diplomacy to a greater degree as a means to promote its interests externally in its immediate region and beyond, as well as its ability to manipulate external factors more in its favour. Kiribati is a member of three subregional groupings namely, the Nauru Group, the Small Island States Summit, and the Central Pacific States Group, an international grouping of small island

states -- the Alliance of Small Island States (AOSIS). Each of the grouping focus on a specific issue of interest to Kiribati. Through each of the groupings, Kiribati finds effective means of dealing with certain issues such as fisheries (through the Nauru Group), special needs of small island states (the Small Island States Summit), and special needs and common problems of island microstates in a contiguous environment (Central Pacific States group). Through some of these groupings (particularly, the Nauru Group and the Association of Small Island States), Kiribati has been able to evade the sense of powerlessness often associated with extreme small size in dealing with larger states by being part of a group of like-minded actors with similar interests. For example, as part of the Nauru Group, Kiribati was able to draw strength from the solidarity of the group (as expressed in uniform conditions agreed upon by the group) in its dealings with larger states with fisheries interests in Kiribati. Also as a member of the Nauru Group, Kiribati was able to play a decisive role (together with other members of the group) in such major regional fisheries initiatives as the proposed multilateral fisheries treaty with Japan. It is argued that successful conclusion of the treaty depends very much on the support of the seven island states which make up the Nauru Group, in whose EEZs Japanese fisheries activities are concentrated. Given Kiribati's stand on the proposed multilateral treaty with Japan (see chapter 8), and the fact that it is a leading player within the Nauru Group on account of its vast EEZ, it can be argued that Kiribati has, what Rothstein (1977) refers to as a 'disruptive

potential.’²² That is to say, the power to frustrate the collective effort of regional countries (in the Nauru Group or the wider South Pacific Forum) by its refusal to cooperate in the proposed multilateral treaty with Japan. Although, Kiribati's ‘disruptive potential’ on the proposed treaty with Japan is demonstrable in the context of regional cooperation, its source is Kiribati's vast EEZ and its endowment with the resource (i.e tuna) on which the treaty is based. In short, Kiribati's disruptive potential (which is arguably a form of the power of the weak) comes from its characteristic as an island, and in particular its association with the sea which surrounds it. By comparison, Cook Islands' associative diplomacy is confined to only one subregional grouping, the Small Islands States group, and a worldwide interest-group, Alliance of Small Island States. While Kiribati finds associative diplomacy, particularly sub-regionalism, as an effective means of securing its interests, as well as improving its capacity to manipulate its external environment, Cook Islands is inclined to use rather unconventional forms of external relations. Often conducted outside the purview of the usual bilateral government-to-government relations or multilateralism, and sometimes supported by governments on both sides, these unconventional external relations are exemplified by Cook Islands relationship with non-state or quasi-state entities through its International Financial Centre or such other deals as its loans arrangement with the Italian bankers, ICLE, and more recently the ill-fated Letters of Guarantee initiative.

²². Rothstein, 1977. op.cit. p.25

The common factor in these unconventional relations by both Cook Islands and Kiribati is the desire to extract more benefits from external actors (whether states or commercial entities) in the forms of government revenues and development assistance, as well as to improve their potential to manipulate factors and conditions in their external environment.

Despite the many obstacles and difficulties stemming from their small size and its various correlates (e.g. limited resources, economically dependent, and so forth), Cook Islands and Kiribati have relatively active foreign policy behaviours, even though such behaviours are limited in geographical scope to their contiguous arena, and functionally, to economic-development issue-areas. Both have been active in looking for windows of opportunities through which their national interests (which tend to be economic and development-related) could be secured in their external environment. In addition to the conventional forms of diplomacy -- viz. bilateral, multilateral (including regional cooperation), decision-makers in Cook Islands and Kiribati have found opportunities in associative diplomacy and in the creative use of independence (or self-government) to secure their interests externally. Constructive creativity (as opposed to creativity based on dubious 'get-rich-quick' schemes) will increasingly be an option given the complex nature of the current post-Cold War international system, in which competition for available limited resources is inevitable. In the same world order, island microstates are stripped of their 'artificial strategic value' (in the sense that it is based on a perception, rather than intrinsic value) and are increasingly perceived for their real

value. In this context, the option of constructive creativity makes sense, but it now must be based on tangible resources in order to succeed. Perhaps, the potentials of seabed minerals, which both island microstates possess, will in time be realised so that international interests in the island microstates (and the South Pacific region) remain.

Island microstates should be able to use their control of vast EEZs to evade the problems and constraints of their small physical size and improve their capacities and instrumentalities for manipulating their external environment. In varying degrees, both case studies have shown that the characteristic, 'islandness' is an important factor in understanding the foreign policy behaviour of island microstates (or island states) in the South Pacific or elsewhere.

On the basis of this study, it is contended that island microstates' foreign policy behaviour can be more productively analysed from the perspective of 'islandness' rather than smallness. The perspective of small size inevitably steers the discussion to the cul-de-sac of disabilities and limitations, and obfuscates the opportunities and rooms for manoeuvre deriving from islandness and other factors.

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