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# **The Factors and Causes For The Failure of States In The South Pacific**

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## Introduction

The modern notion of the state has had a difficult time in permeating the South Pacific. The problem is that the tiny South Pacific communities are in many ways simply too small to act as states in the traditional sense. Where this combines with severe ethnic and economic problems it is a powder keg that can result in a state's failure. The Pacific is clearly the most important region in New Zealand's immediate area of direct strategic interest, as it is in that region that all of New Zealand's goods must flow to reach the lucrative markets of the world. It is also through this region that the threats to New Zealand must pass. These threats are not necessarily foreign military forces, but things which can indirectly pose a threat to New Zealand's sovereignty such as the detrimental influence of the drugs trade on our society, the proximity of vulnerable economies to organised crime cartels and the risks, and problems associated with displaced persons forced from their Pacific homes in the wake of a state's collapse. A state's failure in New Zealand's area of direct strategic interest would pose a significant threat to New Zealand's territorial and economic security. To preserve New Zealand's sovereignty and to assist in protecting those within our area of strategic interest, New Zealand needs to be able to recognise those factors which can trigger a substantial failure within a state. An economically vulnerable state can be just a bigger threat to New Zealand as a violently imploding one.

To understand and predict the possible outcomes for states in the South Pacific the idea of the state must be first understood. The inception of the modern state following the Treaty of Westphalia is a good place to start. Issues of sovereignty and ethnicity need

to be considered when examining the state but despite these major issues the definition of a state can always be linked back to the ability of the controlling entity to exercise a monopoly of violence over its subjects. This forms the basis of the definition of the state and as an indicator used to determine if a state is failing or not. Though the monopoly of violence is a good indicator it is not the cause. There must be a number of factors that allow a state's controlling entity to lose control. These factors lead to a competition between groups that want to gain the ability to exercise a monopoly of violence over the state. The result of this competition is civil war, instability and ultimately the complete collapse of the societal and economic structure of the state.

The factors which cause this can be broken into three broad groups: economic, demographic and societal. This thesis will look at three Pacific island states that are suffering in different ways based on the above three main areas. Firstly, Fiji is important in Pacific affairs as it is one of the largest Pacific island states and the largest of New Zealand's neighbours, aside from Australia, yet its society is polarised between two ethnic groups which are imposed on a tribal structure that has found its way into the legislation of the country. Fiji's problems are fundamentally demographic which has led to economic difficulties and heightened problems within the structure of society. The second country is the Solomon Islands, a poor state barely able to hold itself together. The Solomons' main problem is economic which has heightened demographic problems, which has in turn led to a breakdown in the societal structure. The implosion of the Solomon Islands makes it the largest Pacific security risk to New Zealand and Australia, as conditions are rife for illegal arms and drugs smuggling as well as the associated issues of displaced persons and illegal immigration. The last state to review is Tonga, which

through its community structure, mostly related to its demography, is constrained in its economic development leaving the country still heavily reliant on subsistence production leading to demographic problems as the states' population grows. This thesis will show that the three main factors leading towards an implosion are interrelated and the compounding consequences of one factor stimulate difficulties in the other areas. Fiji, the Solomon Islands and Tonga are cases that provide different examples of the working of this process.

## CHAPTER ONE

### The State and The Failed State

In order to examine the failed state and the conditions leading to that situation we need to first define what a state is both in a historical and a modern context. States interact with each other because they recognise each other and as such respect each others sovereignty. This respect is established through a combination of exercising military and economic power and a good deal of bluff. War and other conflicts occur when individual states no longer recognise or respect this sovereignty, an example being the invasion of Kuwait by Iraq in 1990 which was such a blatant disrespect of Kuwaiti sovereignty that it provoked a global response leading to the military expulsion of Iraq from Kuwait. Recent work on this subject suggests that the state as we know it is not unchangeable and may eventually make way for some sort of super-state world. Theories abound about how globalisation has eroded the modern state and, specifically, made sovereignty obsolete<sup>1</sup> but the reality is ownership of land and control over the inhabitants of that land is in essence what a state is made up of. Therefore, this section considers the assumption that the state as we currently know it will be in existence for a long time yet with some modification due to the changes in global interaction.

The emergence of what we call the modern state has its roots three hundred years ago when the Westphalian states system was born. The Westphalian system was the product of Western Europe and its' continuing emergence from the scars of the 'Middle Ages' and the period of cultural growth following the Renaissance. It was during this

time that the entity of the modern state began to be widely recognised. The key principle of this system was that individual states were the supreme actors in international relations and no other entity was higher. Most states today still adhere to that notion that the state is pre-eminent in international relations and state sovereignty is paramount<sup>2</sup>. The result was those states were fully autonomous and their behaviour was governed by the idea of the sovereignty that each state exerts over itself<sup>3</sup>. Sovereignty gives the government of the state that ability to formulate and exercise its legitimate authority within its boundaries. Invariably, these laws are to try and improve the lives of the citizens in relation to other states and thus attract human resources except in the case of certain authoritarian regimes that are more self serving to the ruling elite. The job of the state is to provide guarantees to its citizens that it will provide conditions for trade and investment, protect the border and keep the population sufficiently satisfied to remain within its territory<sup>4</sup>. The international system has come to recognise the pre-eminence of the state by shying from involvement in internal affairs and concentrating on diplomacy with the leaders of the state and not with internal groups. Among states, the rule that guides their interactions with each other is that they do not interfere with the internal actions of another state. This rule has stood since the beginning of the Westphalian state system but has often been broken<sup>5</sup>. The most prolific period of ignoring the non-interventionist principle was during the Cold War where both protagonists were involved in many internal issues of neighbouring states. The most striking example being the Soviet led invasions of Czechoslovakia and Hungary and to a lesser extent the American foray into Nigaraguara<sup>6</sup>. The next enhancement to the birth of the modern notion of the state was the beginning of the wide spread use of standing military forces and the idea of

conscription. Prior to Napoleons' formation of his Grand Army states relied on massing forces in the field on an as required basis. The concept of a standing military force was in response to a change in circumstances within France following the first revolution. This innovation gave France an overwhelming advantage that allowed Napoleon's Grand Army to subjugate most of Europe, which essentially caught the other states off guard. The tide turned against Napoleon when the rest of Europe also saw the value of a standing army and established their own versions. This characteristic remains today where all states with the exception of Costa Rico maintain a standing military force that can be, and often is, used to maintain the states' monopoly of violence. One characteristic of democracy is to limit the use of the military within ones own state. This is done by the regular change of government peacefully and the implementation of numerous institutions that offer flexibility for the state apparatus to keep up with the changing demography and economic situation of its inhabitants. Under these circumstances the requirement for the use of the military internally becomes somewhat diminished.

In order to define the state all major attributes of the state need to be examined. These attributes help tie a community together in such a way that it allows its leaders to maintain a monopoly of violence over its boundaries. The monopoly of violence is the main defining characteristic of the state. A number of other areas can affect the monopoly of violence that a state has on itself, these include economic situations, cultural and ethnic influences, military strength, the type of government and the general societal structure of the population. To maintain a monopoly of violence a state needs to have an elaborate government apparatus that can effectively communicate and react to threats against its sovereignty. Chechnya gives a good example where the monopoly of violence was being

fought for between the Chechens and the Russians where the Chechens used small bands of fighters numbering twelve to twenty<sup>7</sup> to successfully undermine and destroy Russian attempts to gain a monopoly of violence over areas occupied by Russian forces during the 1994 War. The social structure of the Chechens allowed communication to pass freely between different bands of fighters regardless of the presence of Russian forces<sup>8</sup>.

To communicate effectively the government must use one language of communication known to the deliverers of violence in the first instance and subsequently by the general population. Language is not necessarily a state maker but it is essential for communication<sup>9</sup>. There are examples of this all over the world with each country having its own official language such as in China where the official language is Mandarin, though there are many hundreds of different dialects throughout the state. In a multicultural environment this can lead to the ascendance of one particular ethnic group to the elite government role. The ruling elite will seek to preserve the status quo and institutionalise the dominant language and culture through adopting the language as the official language and adopting its customs into areas such as justice and education. Examples can be found in multi-religious states where one religion dominates all others such as in Iran where Islamic law is institutionalized and in the former Taliban ruled Afghanistan where Mullah Omar sought to impose strict Islamic law on areas under Taliban control<sup>10</sup>. States can co-operate with each other to ensure that the monopoly of violence is maintained for the stability and interests of surrounding states. For like minded states to react to a common problem they must be able to communicate together<sup>11</sup> both verbally and culturally, that is why countries with similar cultural or language attributes will tend to band together on international issues. For example United States,

United Kingdom, Canada, Australia and New Zealand often share the same outlook on certain issues which is no doubt due to their similar heritage, language and dominant cultures.

The monopoly of violence is an interesting key characteristic of the state. Within a states' territorial boundary there can be only one source of controlled violence, this does not require that the violence must always be used, but the threat is constant and always visible through the use of police, military or other government institutions, such as the courts.

One aspect of the monopoly of violence that requires consideration is the use of that violence. A state has a good deal of options to use organised violence in a reserve capacity, whether it is through established institutions or through more crude methods such as direct action by police or paramilitary forces. The survival of the state depends on the government's overall control of that organised violence. Laws are obeyed not merely through the good moral intentions of the citizens but through the threat of the use of force. A state the size of the United States with vast economic and military power has had sufficient time to institutionalise the monopoly of violence in the form of complex laws in one extreme and the use of the death penalty in the other<sup>12</sup>. They have also institutionalised their military and the civilian governments control of the military. This is the same for most other long established states, principally the long established democracies. Such a situation compels the state's citizens to adhere to the common rules as there is no doubt as to the consequences for disobeying them. For less well established states there are those who claim they have the monopoly of violence but in actual fact do not but will do everything they can to give that impression<sup>13</sup>. An example of this was

seen during the transfer of power from Indonesia's first president Sukarno to Suharto in 1965 to 1967. Sukarno was able to give the impression he was still president but in reality the military, under the command of Suharto, was running the country while paying lip service to the office of the president but for diplomatic purposes treating Sukarno as though he still was the president. A good example of what a state requires in the form of maintaining a monopoly of violence can be seen in the United Nations Transitional Administration in East Timor (UNTAET). UNTAET is for all intensive purposes the government of East Timor and this is recognized by the international organizations such as the World Bank<sup>14</sup>.

Nation states define themselves by territorial boundaries, which for an island nation such as New Zealand is quite fortunate but not so for land locked states that are subject to continually changing demographic characteristics due to migration and refugees. How that border is defined can cause a large amount of consternation and ultimately lead to conflict as seen in the Middle East where the colonial powers of United Kingdom and France decided to re draw the Middle Eastern map following the fall of the Ottoman Empire. They paid little attention to ethnic and cultural differences that are often more compelling than physical boundaries such as rivers or mountain ranges. The result is continued fighting over disputed boundaries, uneven distribution of resources such as water and the forcing together of fiercely rival ethnic groups. Traditionally nomadic people become restricted in where they go with their livestock which in turn causes the traditionally nomadic group to take up modern cultivation techniques adding to the competition for resources in the area where they choose to settle. The change in nomadic lifestyle also affects the societal make up of the community as traditional members begin

to take on different roles and community power bases are shifted. As well as this, there is increased tension with the traditional landholders and often a difference in class associated with being tenants rather than owners of the land. Migration from the poor and rural West to the rich and urban East coast in China is expected to balloon to 200 – 300 million once they are fully integrated into the WTO<sup>15</sup> creating a large demographic problem and strain on the ethnic differences between these parts of China.

Some states are fortunate in that they are island states and share no natural land boundaries. The major problem of island states is that the physical boundary often severely constrains the growth of the state. For example many of the states of the Pacific are suffering from over population and regressive economies because their territories are simply too small to offer their citizens any more. This physical problem can lead to other issues as the governments of these states can not offer their citizens all they need. This also impacts of the structure of the village and local community as the way of life that worked when the islands were more sparsely populated no longer works as traditional fishing grounds may be restricted by environmental laws or fall under another states exclusive economic zone forcing the inhabitants to look for other ways of sustaining themselves. Damaging farming practises can severely hurt an already fragile coral environment further breaking the traditional role of the social hierarchy and leading to migration to other islands or out of the region into new societies.

The physical characteristics of a state also plays an important part as they, in part, dictate how successful a state will be. A state constrained to the harsh environmental and health pressures of the tropical areas will find it more difficult to advance than a state in a more temperate region. For example the prevalence of dangerous diseases that

occasionally flare up such as Dengue Fever in South East Asia can have a very detrimental effect on the growth of a community as its inhabitants may be forced to move elsewhere or a centre for trade may become unattractive to traders and suffers economically. Conversely a state in extreme cold condition will find the same trouble with reduced food production seasons and long periods of darkness. States often find natural boundaries in deserts which also often coincide with cultural boundaries between traditionally nomadic people and settled agricultural producing people, the Middle East and North Africa are the most striking examples of this characteristic. Interestingly, states that have natural boundaries that coincide with ethnic, or civilisation boundaries, tend to have escaped from an overwhelming influence of the colonial European powers who sort to divide the world into areas of influence. Competition for the availability of resources can be a source of conflict between ethnic groups sharing the same physical environment<sup>16</sup>.

Religion has had the effect of polarising people with the same ethnic background such as in Northern Ireland and parts of Indonesia. The effect of religion and culture are interwoven and have many of the same influences on the state. It is important to note that culturalism is not the cause of all conflicts and more importantly, where more than one culture exists in a state it does not necessarily mean that that state is doomed to fail<sup>17</sup>. It is how the state learns to cope with the religious and cultural differences found within its boundaries that will dictate whether the state will fail or not, an on going example of this is the situation in Northern Ireland where religious conflict seeks to combine Northern Ireland with either Ireland or the United Kingdom<sup>18</sup>. This will usually depend on what history has dealt to the state. A long history of religious mistrust and hatred will not be

easily overcome by building examples of a protagonist's religion in each others midst. Unfortunately religions tend to separate themselves from others which breeds further mistrust through a lack of knowledge of each other. Only in communities where different religions share a common struggle have they managed to get along, still usually because one religion well and truly dominates others.

The area claimed by a certain ethnic group will almost certainly include members of another cultural group who do not identify with the dominant group<sup>19</sup>, which may ultimately lead to tension or conflict. Aside from the monopoly of violence ethnic groupings are a significant attribute of the nation state. Where a state's boundary accurately corresponds to an ethnic group, there is less risk of internal conflict. Since the end of the Cold War there have been ninety separate conflicts and most of these are related directly to ethnic differences<sup>20</sup>, which gives some idea of the scope of the ethnic violence problem. This is only set to increase with the ever increasing numbers of displaced persons as a result of ethnic violence.

Ethnic violence is the result of strategic interactions between different ethnic groups and within those groups<sup>21</sup> that can lead to peaceful resolution of conflicts or disputes if the state has set up a method to achieve this. New Zealand is an example where a state is often seeking to reconcile differences between ethnic groups and in New Zealand's case many of the ways of resolving those disputes have been institutionalised through offices such as the Race Relations Conciliator, Waitangi Tribunal and other government bodies. Ethnic violence within a state is controlled and prevented by the government exercising its monopoly of violence by quashing one side or forcing the protagonists to resolve differences peacefully. In Yugoslavia the monopoly of violence

was contested and led to the loss of the states ability to control organised violence<sup>22</sup>. No where was this more evident than in the collapse of Bosnia where outside state actors were funding and operating groups trying to maintain a monopoly of violence in their area of influence such as in the Republika Sprska. The Belgrade government sort to maintain the Serbian dominance of the state and when faced with the loss of territory as one ethnic group after another broke away, the government reacted with force. The conflict took on a religious flavour with a battle enveloping members of the Muslim, Orthodox Christian and Western Christian religions. The moment those provinces broke away from Yugoslavia they sort to impose their own monopoly of violence by forcibly removing religious and ethnic groups which did not fit into the mould of the controlling entity leading to the effective break down of the state of Yugoslavia.

Ethnic and tribal violence is often caused by the pressures of constrained physical boundaries such as in the Pacific and Island communities in South East Asia. An example of this can be found in the Solomon Islands where islands in relatively close proximity can develop different cultures and languages, which ultimately result in pressures on the government to control potential conflicts. Fiji offers an example where two completely different cultures were forced to live together and where one maintained the dominant position in government and through legislation has tried to maintain this dominance in the face of an ethnic group that is almost equal in number. The indigenous Fijians inherited the monopoly of violence from the colonial British power. This monopoly was challenged when an Indian lead government came to power leading to ethnic tension that still remains at boiling point with the main question being who has the right to legitimately control the Fijian state.

A lack of physical boundaries can also create ethnic pressures on a state through migration into the states territory. Where two largely different cultures mix the pressure can be extreme and cause conflict as the newcomers challenge the ruling elite. This is especially the case in the vicinity of failing states that initiate large waves of refugees seeking new and better lives. The large populations of refugees can destabilise the receiving state and change the demographic make up of a state completely as well as create an atmosphere for international intervention that in itself challenges the monopoly of violence of the state that has the refugee problem on its land. An example of this can be found in West Timor where it is estimated there are still 50,000 refugees from East Timor<sup>23</sup>.

Religious influence can also question the sovereignty of the nation state. But unlike other factors such as globalisation, religion has been around since the beginning of civilisation, and arguably before, and has not led to the end of the state and has in fact strengthened. Just like cultural or ethnic factors, a state that has only one religion will not face the same divisive factors experienced by a state with two powerful religions. Where cultural and ethnic differences are combined with religious differences the situation can become explosive, such as in parts of Israel and Israeli occupied Palestine where predominantly Muslim Palestinians are facing off the Jewish Israelis and where history has conspired to plunge them both into sporadic fighting. Unfortunately this conflict has lead to the potential of a wider ethnically linked religious conflict as the West is seen to back Israel and the Arab middle east states feel sympathy for the plight of the Palestinians. The Philippines also struggles with religious sourced problems with the on

going insurgency in the island of Mindanao in which the Moro National Liberation Front wants to form a separate Islamic state<sup>24</sup>.

The type of government plays an important role in the formulation of a state. A strong autocratic government will have a great deal of control over its citizens as it maximises the monopoly of violence through fear of its use. This has its drawbacks as the state will require a massive government apparatus to maintain such control thereby decreasing the ability of the state to achieve rapid economic growth. The citizens of an autocratic state will also see the advances of neighbouring more liberal states and the speed at which living standards increase in those states making them envious. This causes the autocratic government to use the threat of force more readily, an example being the Tiananman Square incident in China. Tito's Yugoslavia was an autocratic state that successfully managed to keep a lid on simmering ethnic pressures for many years only to be lifted following Tito's death. Where many different and diverse cultures have to coexist side by side an autocratic government is better placed to control and prevent acts of violence between would be protagonists. Musharraf's Pakistan seeks to keep military control of the state but subscribes to 'grass roots democracy which bypass the party systems of previous democratic governments<sup>25</sup> in order to avoid the corruption and instability of the past. The method of doing this has been through the raising of one ethnic group above the others and placing that group in a position of power relative to the other groups. Unfortunately the results of this can be extreme such as in Rwanda where the backlash against the ruling elite cost the lives of thousands.

A democratic state in the current international order appears to be the most beneficial way of providing the necessary requirements of the citizens and maintaining

economic growth. A government may have many demands on its people but ultimately its people demand some basics such as protection from war, disease, civil disorder and criminal violence<sup>26</sup>. If a government fails to provide these necessities it will eventually be replaced. Within a democracy this is a standard occurrence, when a government ceases to provide what its citizens require they change governments peacefully. Methods of communications and difficulties between cultures are the issues facing a democracy. Where communication breaks down between one or more ethnic groups then ethnic pressure can build. In a democracy it is better to have one, or at most two, principle languages so that all members and interest groups within the state can effectively advance their own agendas<sup>27</sup>. Communication can also be affected by culture which influences the way two groups speaking the same language, communicate with each other. Cultural mistrust or a lack of understanding between groups can lead to conflict. Cultural competition in a state where one group seeks to have its culture placed at a higher level of recognition within the state can also lead to tension and eventually conflict, especially if the dominant culture is from a minority such as in South Africa where the dominant culture during the Apartheid years was European yet the vast majority of the state was ethnically and culturally Southern African. Canada found one solution to integrating two cultures by formally placing the French language at the same status as the English language giving French Canadians the same options in French as they would have had in English<sup>28</sup>.

Recognition also becomes a key aspect of a state. A state only can be dealt with on state to state levels if other states recognise it. A modern example of this is the ongoing China/Taiwan dispute. Prior to the recognition of communist China the Republic

of China, Taiwan, was recognised by the international community as the legitimate state of the Chinese people. Despite this, the communist forces on mainland China had a clear monopoly of violence over most areas, yet no recognition. The role has now reversed with the Peoples Republic of China being almost globally recognised as the legitimate China. China itself regards both Taiwan and the Mainland as one inseparable nation state yet it does not have any form of a monopoly of violence over Taiwan. Overall, this is clearly an exception rather than a rule so cannot be taken as to change the preconditions for statehood, though it offers an interesting situation to examine. In Taiwan, the Taiwanese government has a clear monopoly of violence over its state yet its monopoly of violence does not yet extend over the quasi-independent state of Taiwan. China also claims to be the legitimate government of all China, clearly that is not going to happen, so, though Taiwan is not recognised as a state, it is in fact a state. The international community gets around its non-recognition of Taiwan by dealing with it as an economic entity and thus appeases China by adhering to their view that Taiwan is an integral part of China but is currently a renegade province<sup>29</sup>. But this is only possible because Taiwan by definition is a state and therefore can function as a separate economic entity. It has all of the characteristics of a state including a monopoly of violence within its boundaries<sup>30</sup>.

The future of the state is being challenged, though not to the degree that some commentators suggest. The monopoly of violence is still the key ingredient in a state no matter how large the flow in foreign capital or the authority of sizeable regional groupings. Globalisation has been heralded as the way to solve the problems of the developing world by channeling capital to them and removing restrictive barriers to markets in the developed world. Watters and McGee posit that economic activity is

assuming so much power that it is challenging the idea of the nation state<sup>31</sup> but this is not the case as states still have the ability to set the laws and conditions which allow the economic activity to increase to such level. Without a doubt certain decision making aspects of a states economy have been taken away from the government such as control over the value of the currency<sup>32</sup>. Though this is not necessarily a bad thing as it gives countries that face dire financial situations the opportunity for its citizens to maintain value in their products. An example is the ready availability of the United States (US) dollar. After the collapse of the Eastern block the US dollar was used extensively as a store of value<sup>33</sup>. In Ecuador the adoption the US dollar was seen as a way of stabilising the economic situation of the state and retaining value on state production. Some would argue that in doing so, Ecuador has lost sovereignty over its currency. This is not the case as they are merely using a trade medium that is widely accepted and has little fluctuation in value, much the same as the use of gold for many hundreds of years. The value of gold was essentially controlled by the British Empire and was therefore completely out of the control of many of the uses of the gold standard.

The way in which states interact is changing dramatically due to the economic changes of the most of the developed world and the embracing of common trade principles by the less developed. Scholte argues that the welfare state has transformed into the competition state<sup>34</sup>. This competition state has given rise to the creation of massive multinational companies that span more than one state and in many cases span more than one company. These large multinational companies are components with head officers in developed areas with close access to the capital markets, whereas their production facilities often go to where the labour is cheapest. These companies carry a lot

of power within a state as they are large employers and are responsible for sizeable investment within the state. In return states have allowed these multinationals to lobby for change in regulatory laws to improve their business operations. There have also been changes to tax and other laws because of the pressure governments come under<sup>35</sup>. Smaller and more vulnerable economies have been forced to consider sizeable inducements to get some large multinationals to set up shop in their state leading to situations where some Pacific Islands states have allowed clothing manufacturers to set up sweatshops, unfortunately for the island states this has back fired with international pressure forcing some of these operations to close leaving the host island state with the loss of valuable income. These pressures begin to take on a global context when considered with the role and functions of the World Trade Organisation (WTO). This large and powerful organisation has, to varying degrees of success, lobbied governments to break down trade barriers such as tariffs and subsidies. These actions have often been met with fierce protest from the citizens of many states due to the fear of job losses and general decline in living standards. The power of such an international body challenges the right of a state to make its own laws and settle its own disputes,<sup>36</sup> though in some respects it preserves the notion of statehood by dealing with the state as an economic entity.

Globalisation is having an effect in five main areas that were formerly the sole control of the state, these are; communications, trade, finance, organisations, ecology and consciousness<sup>37</sup>. In the area of communications, advancements in cellular, satellite and the internet have made the flow of information in and out of a state almost totally uncontrollable. The growth in communications technology is a self sustaining cycle with it causing aspects of globalisation and globalisation causing increased and more rapid

global capital flows, increased scientific cooperation and far more efficient forms of transportation all requiring further enhancements to communications<sup>38</sup>. The information infrastructure has also lead to the ability of banking and other financial institutions to transfer vast amounts of information and capital very cheaply<sup>39</sup>. Unfortunately this has also impinged on the ability of states to track this flow of information, which certain criminal elements have capitalised on by increased money laundering. The flow of so much money around the world has lead to the link between money and territory being decreased<sup>40</sup>. This in turn has lead to global structures and common financial standards and accounting procedures to prevent money laundering and other criminal activities further eroding the ability of the state to set and enforce its own laws. In this sense certain aspects of globalisation, mainly to do with financial arrangements, have lead to an encroachment in the sovereignty of a state to have full jurisdiction over its territory<sup>41</sup>.

Throughout the world the successful businesses are treating the rest of the world as a common market which has also lead other investors and producers acting as though the world is one "single market and production area"<sup>42</sup>. Each country still reserves the right to change and modify its own conditions on how trade is conducted within its borders. The basic legitimacy of a government is founded on its ability to provide for its citizens<sup>43</sup>. In providing for its citizens the government must also protect its citizens by providing them with security. This is where there is a conflict between globalisation and sovereignty. For most states globalisation will never go far enough to allow the entry into states of biohazards, for example. Such things could effect both the health and economic well being of the state, leading to the citizens ultimately questioning the ability and legitimacy of the government. The security and protection of the states defence

capabilities and industries is also paramount and in that way many of the larger technology and defence related multinationals will have restriction on where and how than can expand into new markets<sup>44</sup>.

Closely related to the concept of economic globalisation is the situation with international organisations and groupings where some commentators believe these will eventually supersede the nation state. The European Union is probably the most striking example of how this could occur but it is important to remember that those states that joined the European Union did so by introducing common laws and principles. The former German chancellor Helmut Kohl wanted a 'United States of Europe' to avoid the splintering that has been the hallmark of European history<sup>45</sup> and with currency integration in 15 of the European Union members this may be achievable. All members still function as independent states and all have a monopoly of violence within their own borders and with the addition of the former Soviet dominated Eastern European States who will want to assert their own independence it is unlikely the full political integration of the European Union will happen very quickly<sup>46</sup>. But to get around the restrictions of non-intervention each member state has adopted common practises that will limited the need for intervention. In the case of accepting the Euro as the common currency each state had to ratify the arrangement in their respective legislative assemblies. Denmark decided against accepting the Euro as that country's currency as they perceived it would erode some of their sovereignty, as did Sweden and the United Kingdom<sup>47</sup>. The states that accepted the single currency believed the influence on their sovereignty would be sufficiently small enough to not outweigh the benefits of the currency. For some members of the European Union there are far more benefits of accepting a larger

currency as it adds stability that would never have otherwise occurred. The Brussels administration with the introduction of the new currency, has the power to set tax and spending restrictions on its member states so there is a significant loss of economic sovereignty<sup>48</sup>. It must be remembered that the European Union is unique in the world and does not give an indication of how less developed regions may develop.

Other international groupings have far less legislative power than the European Union and are at the mercy of their members for legitimacy. An example is the Association of South East Asian Nations (ASEAN). ASEAN has broadened its membership but has recently stopped short of criticising its members for violations of human rights or democratic principles. The other main international groups are the Organisation for Security and Cooperation in Europe (OSCE), The World Trade Organisation (WTO), Organisation of American States (OAS) and of course the United Nations (UN). All of these organisations challenge the pre-eminent position of the state<sup>49</sup>. The United Nations gives an excellent example of the notion of sovereignty and the ideal of non-intervention. In Chapter 2, article 7 of the United Nations Charter which states “Nothing contained in the present charter shall authorise the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state”<sup>50</sup>. That very Westphalian statement is contradicted by Chapter VII which allows states to intervene when “the interests of global security must override sovereignty”<sup>51</sup>. In fact Chapter VII has a lot of relevance in the international reaction against failing states. It is only a matter of time before global security can be re-read as global economic security. States will become more and more encouraged to preserve economic prosperity as a means of protecting a states sovereignty. States will regard the living standards they have created

for their inhabitants as worth protecting, militarily if necessary. An example of this is the way in which the United States tries to protect intellectual property by forcing other states to accept various copyright laws and other pieces of legislation that protects the sovereignty of someone's intellectual property. This in some way gives the state ownership and pride in the ability of its citizens to produce something worthwhile, a sort of branding.

If a state loses its ability to arbitrate between two parties then there is the likelihood of violence<sup>52</sup>. If the state cannot control that violence then the question is raised as to the effectiveness of the state as it no longer can provide protection for its citizens from external violence. The main method of protecting the citizen has been through the use of a military force, though the role of the military in maintaining the state is decreasing in favour of focusing on the economic development of the state. In this way the success of the modern state is having less and less to do with the military<sup>53</sup>. There is a distinction between how a developed and undeveloped state maintain their sovereignty. The undeveloped states tend to focus on the traditional trappings of statehood such as the iron grip on the citizens of the state and the focus on militarily protecting the border. Protecting inefficient agricultural and industrial practices through tariffs and certain subsidies the government believes will help the well being of the undeveloped state's citizens. Whereas the developed state has learned to cope with aspects of globalisation, shrunk military spending and yet still maintained the individualism of a separate nation state, all the while appearing to lose aspects of sovereignty<sup>54</sup>. An example of a detrimental effect can be seen in rural China where accession to the World Trade Organisation will lower the incomes of peasant farmers due to the availability of cheaper

agricultural imports<sup>55</sup> so globalisation does not remove a state's sovereignty or negate the need for a monopoly of violence within its boundaries but it does have resounding effects on certain parts of the state

A state is a defined territorial boundary in which its inhabitants are subject to an unchallenged monopoly of violence by the state's government. That is the overriding precondition for statehood. There are other factors, which are highly influential on the survival of the state and can strengthen the state in certain instances. Cultural, ethnic and religious influences can be powerful enough to tear a state apart. The type of government can be a cure to the influences of culture, ethnicity and religion and it can also be a factor in enhancing the problems. Where a government is based on popular support that is regularly sampled and acting upon, a democracy, then the state has a good deal more capacity to deal with the pressures culture and cultural change bring. Globalisation is changing the way states interact but it is not changing the underlying principle of the state. It is having an influence on the citizens of individual states as communication between states and individuals becomes simpler and faster more and more citizens will expect more from their government, if the government cannot provide it will be replaced, the smoothest method being in a democracy. Globalisation is allowing states to easily compare themselves against one another, which will create tension when large differences are noticed. The increasing influence of global organisations is not eroding the state but merely enhancing diplomacy and dialogue. States still must decide if they wish to be members of those organisations and have to pass legislation to accept any restrictions that those organisations may impose. The current wave of globalisation is significantly different than that experienced prior to the First World War when a great

deal of optimism was held that war would become impossible as individual states were so economically intertwined, as it turned out this was not the case as the economic system was held up by a small number of states all within Europe and all adhering to the gold standard. The situation draws a few parallels with the current international economic situation where two large economic blocks dominate the worlds economy, though it is changing. The US and European Union economies dominate the flow of international capital. These two combined with Japan leave the rest of the worlds' 5.5 billion inhabitants to pick through the scraps. Similar to pre - First World War there is now optimism that the role of war has diminished due to the integration of states into the international trading system. The question remains whether this optimism will stop China taking Taiwan, Malaysia confronting Singapore, Iraq reasserting itself, Greece confronting Turkey and Africa descending further into chaos. Economic integration through globalisation of institutions and companies does not erode nationalistic sentiment or perceptions of sovereignty and desires of governments to maintain a monopoly of violence.

Now that we have defined what a state is we need to define what occurs when a state fails. There are many factors that indicate when a state has failed such as the requirement for intervention to halt conflict and the overall break down in authority. A state has failed when the state loses its' monopoly of violence on its' inhabitants. At that point the state loses the sovereignty it had on those inhabitants and the territory of the former state. The result is almost certainly violent as one or more parties fight to gain control and establish their own monopoly of violence.

To examine what happens when a state fails it is worth comparing the main differences in what occurs in a cohesive state and what occurs in a failing state in a very broad kind of way. A cohesive state needs to maintain a monopoly of violence over its subjects to ensure that the resources available to the state are distributed so that violent competition does not occur between competing groups. This is a characteristic of any state, no matter how democratic their government is. Consider the situation of South Africa during the apartheid years where the resources available to the major ethnic group were significantly smaller per capita than those available to the minority. The state had such a firm monopoly of violence that it was able to maintain this imbalance through force resulting in a system that existed for decades in relative stability. Only when the state was unable to maintain this imbalance did it opt for a more sustainable approach by endeavouring to distribute resources in a more uniform way, by ending the apartheid situation and structuring a more democratic state.

In a failing or failed state the population can no longer rely on the state to provide a means of distributing resources to avoid violent competition. An analogy can be drawn with an individual who is poor in a state with the government holding a monopoly of violence. That individual must compete for resources of wealth with every other individual of the state within the rules and bounds set by the state. For example the individual must work and accumulate wealth in a lawful way. In the situation of a failed state where the individual may be poor, they have little guidance on how to accumulate wealth so must look for their own ways, usually by a violent method such as forcibly taking wealth of another individual or group. In a failed state the competition for resources will be split down ethnic, socio-economic, rural/urban and geographic lines

resulting in the severe fracturing of a state and eventual impedance of the distribution of resources. Added to this are the demands placed on the area by outside groups which relates to the amount of interest and influence other states will have in a particular area such as in the Middle East which will receive increasing attention from Asia<sup>56</sup> as well as Europe and the USA due to the Middle East's abundance of oil. The same is occurring in Western Sahara where French and US oil companies are pressuring their respective governments to ensure the stability of that failed state. This has in turn led to those countries championing the Moroccan appeal to rule Western Sahara permanently<sup>57</sup>.

The state could be likened to the glue that binds communities together. But it must be remembered that state is an invented concept and relies wholly on the support and tolerance of its follows. A state must have territory, economy and population in one cohesive entity and the moment any one of those attributes goes then the state is no more. The state may splinter leaving part of the former state controlled by one or more new power entities. In their areas they may appear to have the attributes of a state but they have yet to develop an economy that is cohesive and functions as one rather it functions on an individual basis.

The loss of sovereignty goes hand in hand with the loss of legitimacy in the ruling power. If a state ceases to provide for its inhabitants it no longer has a legitimate right to rule leading to its monopoly of violence being challenged by a competitor that can, or claims it can, provide for the population. The Russian revolution is an example where the states government was no longer able to provide for the population resulting in the formation of a competitor that believed it could provide by radically changing the structure of the society and the distribution of resources. With the support of the people a

popular revolution succeeded in deposing the Tsarist government. It soon became evident that the new regime could also not provide for the population so enforcing the monopoly of violence had to occur leading to the brutal regimes of the Soviet Union. In a democracy the process of changing the government is streamlined and institutionalised so that the transfer of power is seamless. Unfortunately in states where the history of democracy is relatively short and the various institutions that protect it have not been established then the old way of transferring power by force can occur. A state does not fail if the previous government is replaced peacefully and quickly so it is unlikely an established democracy would become a failed state. This can be compared with the example of the Soviet Union and the Chinese republic. The Soviet Union became a new state following the Russian revolution and then ceased to exist following the collapse of communism. In China the fall of the Chinese monarchy and institution of a republic created a new state that lasted until the creation of the communist state of China. In the Chinese example the state ceased to exist for a period after the collapse of one and the installment of the new.

The current state of economic decentralization in China may indicate an erosion of the monopoly of violence by the central government an example being that in one region 90% of revenue comes from regional fees rather than central supply indicating the diminished role of the central government in providing for the needs of the population<sup>58</sup>. A state loses its' legitimacy when it fails to provide sovereign guarantees over its inhabitants, fails to provide safe and profitable conditions for trade to flourish, where it does not adequately protect the borders and prevent the proliferation of weapons, drugs or other criminal activities<sup>59</sup>.

A state has failed when its neighbours or the international community feel the requirement to intervene. Morocco invaded Western Sahara 25 years ago in a bid to secure its southern approaches. The problem is now there is a reluctance to have an unstable Western Sahara once again due to the Islamic extremist problems in neighboring Algeria<sup>60</sup>. In this situation by definition alone the allowing of foreign forces into a state show the break down of the monopoly of violence by the state. A highly relevant example of this to New Zealand was the Indonesian withdrawal from East Timor. The moment that Indonesia accepted it could not resolve the Timor situation and allowed foreign intervention was a firm signal that the Indonesian government had lost the monopoly of violence on the island<sup>61</sup>. In reality the fact that Indonesia had been fighting East Timorese guerrillas since 1975 shows they never really had a monopoly violence on that half of the island. The key principle of the Westphalian states system was that states would not intervene into each others affairs. As already mentioned the United Nations Charter makes provision for the intervention in states in Chapter VII. This action still fulfils the Westphalian principles because a state requiring intervention has clearly lost its monopoly of violence and is therefore no longer a state and poses a threat to its neighbours. An example of this can be found in Afghanistan where various factions have been fighting since Soviet forces withdrew in the early 1990s<sup>62</sup>. The problem has now surfaced where the conflict is spreading with warlords expanding their operations into neighbouring countries. This illustrates why neighbouring states often are the first to express concern when warlordism proliferates. Pakistan is very concerned about the three million Afghan refugees within its borders and the prevalence of Islamic extremism amongst them<sup>63</sup>. A failed state has a number of surprising characteristics such as despite

the economic melt down that occurs within the state the protagonists of violence can still afford advanced weaponry in large numbers. Afghanistan is again an example of this where the impoverished north of the country is seemingly able to afford strike attack aircraft that participated in the Northern Alliance's war against the ruling Taliban, though with significant and increasing aid. Scholte suggests that where the monopoly of violence breaks down a state finds a balance in resources which allows simple access to finances for the purchase of arms<sup>64</sup>. Somalia in the early 1990's gives another example of a seemingly poor failed state still able to supply its internal protagonists with abundant arms. Clearly, states find it within their interests to offer backing to various protagonists, the Vietnam War was another classic example. Despite the end of the Cold War this practice still occurs and will no doubt continue.

The major question in dealing with failed states is whether to intervene or not. As Zimbabwe looks increasingly fragile due to the mismanagement by its president Robert Mugabe the international community has through the UN, the European Union, the Commonwealth and other international bodies been completely ignored by Mugabe<sup>65</sup>. In this respect the individual and collective interests of the global community become the key decisive factors<sup>66</sup>. Intervention can come in two ways, the first to intervene with a mind to separating conflicting factions with a view towards initiating a peaceful resolution to the conflict. The second way is to intervene on one side in order to defeat the other. In Bougainville the Peace Monitoring Group sort to be impartial and offer the protagonists a neutral medium to facilitate dialogue between each other where as in the 1999 Kosovo campaign, Operation Allied Force, the intervention was aimed at inhibiting the Serbian ability to wage war against the rebel forces in Kosovo. The problem in

Kosovo is about the control of territory<sup>67</sup> In the later case part of the international community choose one protagonist above the other for a wide range of reasons, mainly for humanitarian reasons. It appears that the easiest way to gain support for intervention is to focus on the idealist nature of the intervention rather than the reality of inflicting as much military harm to the combatants in the shortest space of time. The idealist nature for support will play on the 'enemies' mistreatment of refugees and other supposed human rights violations.

Once intervention begins a state has lost its sovereignty over the area concerned such as with Serbia in Kosovo, with Papua New Guinea in Bougainville and with Indonesia in East Timor. Once the sovereignty is lost it can be considered a failed state in some respects<sup>68</sup>. East Timor is an example of this. Once the Indonesian government pulled out of East Timor and handed control to the Interim Force in East Timor (INTERFET) they transferred sovereignty to an authority that had little legitimate mandate to be the ruling authority, the rampant destruction and uncontrolled violence between the militia and the local Timorese supporting independence showed the complete breakdown on the monopoly of violence. INTERFET sort to establish its own monopoly of violence over that half of the island and in some respects achieved that. The United Nations Transitional Authority for East Timor (UNTAET) has continued the work of INTERFET and in many respects has established a monopoly of violence over the fledgling state and has now become the effective government of East Timor<sup>69</sup>. If the 1975 example of East Timor is examined it can be seen how the break down in the monopoly of violence lead to the conflict<sup>70</sup> that for better or worse resulted in the Indonesian annexation of the territory. The 1975 fledgling government had no UN force backing it so

was forced to try and maintain a monopoly of violence in a deeply politically polarised society, it was doomed to fail resulting in similar violence as repeated in 1999.

Another indication of a failed state is the inability of the state to collect taxes and regulate business. Russia under Yeltsin is a good example of this because as the 1990s progressed, the Russian government was finding it harder and harder to collect taxes from individuals and businesses. This in turn had an effect on the government's ability to maintain a monopoly of violence as it simply could not raise the funds to maintain the instruments of that violence. The armed forces deteriorated to the point where they were becoming ineffectual and many had not been paid for months. Other internal security forces faced a similar situation. In order to maintain some type of order the government was forced to enter suspect alliances with powerful Russian business organisations in order to source funding for government expenditure. As a display of the breakdown of the monopoly violence the province of Chechnya decided to try and break away from the Russian Federation. Because of the governments inability to control business practices the level of organised crime increased dramatically which fuelled the fears of neighbouring states that the Russian state was on the verge of collapse. Many other factors contributed to the war in Chechnya but the prime reason was the inability of the Chechan state to maintain a monopoly of violence. Following the war the threat and use of international terrorism became the reason for Russia's subsequent action in Chechnya<sup>71</sup>. The lack of a monopoly violence also allows organised crime to branch out into many different practices from illegal immigration to drug smuggling along border areas such as between China and Laos where heroin and methamphetamine trafficking is rife<sup>72</sup>.

What happens within a state when the monopoly of violence breaks down and the state begins to fail? In the first instance the population cannot rely on the state to provide protection of the individual, the collective population or resources that the state relies on. To make up for this vacuum in protection two things may occur. Firstly the population will seek to provide what the state cannot by way of private security and vigilante groups eventually culminating in the formation of large groups controlled by regional warlords, much as what happened in Somalia. The second option, and becoming very common in the states of the former Soviet Union, is the prevalence of crime especially large scale organised crime. Examples of this can also be found in the Northern Andean states, most notably Columbia where the government no longer controls large areas of the country. In these areas the rebel groups rely on the growing and production of narcotics for sale to the huge US drug market. The money enables them to continue the fight against the government.

In a state that has failed there no longer exist enforceable controls on commerce and other commercial transactions. The sanctity of property no longer exists and in most cases the value of the state's currency and assets depreciate significantly. To prevent this, part of the population will seek to ensure that their assets are in a secure foreign currency. Illegal money trading will take place and asset accumulation by force from organised crime groups will aid in the formation of warlordism and the plunging of the state into further violence. The main reason the failed state causes consternation in the international community is the instability that results from the power vacuum left when a state collapses. An example of the vacuum left when a state collapses can be seen by the Taliban's rise to power in Afghanistan where a non-Afghani entity, sourced from the

religious schools of Pakistan<sup>73</sup>, took power in the ensuing confusion following the turmoil after the Russian withdrawal. The world is now suffering the results of that failed state. The other flow on effects of state failure and violence that follows as different entities try to gain power is the growing tide of human refugees as the former population strives to find safety and provision for their families. The normal destination for these refugees is refugee camps which, as seen in Palestine and Pakistan can breed the violence that can destabilise neighbours. Ultimately failed states cost money and that money has to come from somewhere in the form of aid, security and infrastructure costs. Its therefore in the interests of states to do as much as possible to prevent failure in another state, whether that be by propping up a weak government through aid or through more overt military intervention in supporting a state.

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## CHAPTER TWO

### **Attributes that cause a state to fail.**

To maintain the monopoly of violence the state must have the backing and support of its citizens. Despite the type of government if there is widespread discontent then it is highly likely the state will face a high level of civil disorder. If the state is unable to control the level of disorder then it will fail as it has lost the monopoly of violence over its inhabitants. The key to keep a state from failing is through its people. There are a number of factors than can cause the citizen to loose faith in the state and forcibly strive for change. These factors can be broadly broken into three main areas, economic factors, demographic factors and societal factors.

Economic factors have a large impact on the general well being of the individual. These factors allow the citizens to afford a comfortable life or a life of strenuous and often fruitless work. A state must strive to improve its economic situation in order to appease its people. The problem with the modern world as far the states control of the citizen is concerned is that other economies are highly visible and can easily be compared with the home situation creating envious pressures. The main economic indicators relate to the general wealth of the state in the form of gross domestic product (GDP) and GDP per capita. Other economic figures to do with employment rates and the economic make up of the state also have a wide influence on the general happiness of the people. The running of the state's economy is another important area. If the state maintains a firm hand on the economic tiller then it is likely the economy may not be flexible enough to cope with sudden shocks. Conversely the economy may not be able to take advantage of

periods of rapid growth and prosperity. The state of the nations currency is also an important factor. In a state where the citizens are able to travel freely, due to the proximity of borders or general wealth, then the effect of currency value becomes very important. How and what a state trades also has a large effect on the well being of the citizens. If a state has a widely diversified economy then commodity price shocks will be reduced, if they are reliant on a small number of commodities as the primary source of foreign income then lower prices will very quickly effect the individuals of the state<sup>1</sup>. All of these factors are closely interrelated and can conspire to undermine the happiness of the individual or can improve the stability of the state immensely. The role of the economy in a state is one of the most important aspects in determining whether a state will fail or not.

The next lot of factors can be broadly thought about in terms of demography. Demography describes how many people live where, who they are and how they interact. The prime variable of demography is the general population, which gives an indication of the states' human resource base. Obviously the larger the population, the more the state can diversify, the smaller the population the more limited in economic ability, unless there is a massive economic resource, which is easily tapped. Within the population come all of the different attributes of the people of the state. The biggest and potentially the most influential is the ethnic breakdown of the population. The ethnic make up of a state is important because within the boundaries of the state those ethnic groups are vying for control of a share of resources. Related to ethnic make up is the distribution of those ethnic groups, do they all live mixed together in a city or do they reside in distinct rural

areas with little interaction with each other. That point leads into the next demographic factor, which is the level of urbanisation within the state.

Within each demographic group there are also characteristics, which relate heavily to the ability of the state not to fail. When considering demography we must look at it from the point of view of how citizens get along together. To ensure they all get along ideally there would be few differences between them both economically and socially. In this area there are a number of factors, which are both economic and demographic variables. Such factors are literacy rates amongst different ethnic groups as well as levels of employment and average income figures. All of these factors look for differences that can become points of issue during times of hardship or tension.

The final set of factors deal with the states ability to institutionalise the rule of law and ultimately the monopoly of violence. Also related are the state-imposed mechanisms for different ethnic groups to talk to each other and resolve their differences. The state needs to be funded to provide these institutions so, again, economic influences become highly relevant. Other services the state provides that are designed to keep the citizens happy are services such as health care and education. Doctors per head of population is a good measure of health support. Educational facilities per head of population and the percentage of population with tertiary qualifications are good measures of education levels, as well as literacy. A well educated rich and healthy citizen is more likely to be content with the state than one who is deficient in any one or more of those three areas. The state must also provide a mechanism for public feedback. This is easily provided by a state with a democratically run government. Factors worth examining here are to do with the frequency of voting, who can vote and whether voting will actually effect the

government significantly. The number and size of institutions is a good measure of a states commitment to listening to its citizens. The separation of the executive and judicial system is also important, as it will indicate the ability of the state to check itself and remedy potentially flammable situations before they develop.

GDP is derived from the estimation of the value of all attributes of the state, in essence the size of its economy<sup>2</sup>. These attributes include money in circulation, money invested, value of state assets, value of private assets and value of intangible services. A lot these figures are estimated and can be difficult to obtain if the state in question does not adhere to established accounting principles such as regular reporting cycles and audits to validate data. Some states will also fabricate data to give a perception of growth to encourage foreign investment or raise nation prestige or pride. An example of this was the Soviet Union during the 1950's where much of the economic data was distorted by state controls to give an illusion to the citizens that their form of government was providing well for them. It also sort to provide the international community with an alternative to capitalism to gain new recruits in the communist system. Studies have found a correlation between GDP, GDP growth and prevalence of ethnic violence within states. States that are richer tend to have less violence and states with high rates in GDP growth are less disposed to descending into ethnic violence<sup>3</sup>. An assumption can be made that the higher the GDP per capita is the better off the individual within the state is. This therefore creates less stress due to differences in economic situation. The reduced levels of stress between groups helps alleviate the risk of violence between them. Both groups also realise the value in maintaining the conditions for economic growth and prosperity.

GDP is a measure of the state's economic size. This figure is examined in a number of ways. One is to apply the figure in a per capita sense to be able to compare individual states and see how well they are doing. The other is to compare one year's figure with another's to detect growths, comparing with further years can be used to detect rates of growth or decline depending on the situation<sup>4</sup>. Some commentators and research institutes have done a great deal of work to find a relationship between GDP derived data and the likelihood of internal state problem. In one it was found there was a correlation between the growth in GDP in one period and the level of ethnic violence in the subsequent period<sup>5</sup>. For pure GDP, the countries who were on the whole richer were less likely to be disposed to ethnic violence at all<sup>6</sup>.

GDP growth indicates the level of wealth accumulation that is occurring in a state and the increase in output by the state. The late nineteenth century and early twentieth saw a massive level of wealth accumulation in Europe but it is important to note that this wealth accumulation was confined to a small area of the world centred on Europe and even within Europe it was highly irregular and even within rich states such as Britain whose empire was at its peak there was a wide diversity in the lot of the individual. In this way it is similar in characteristic to today's economic growth in that it is also irregular and highly diverse even within quickly developing states<sup>7</sup>.

Economic attributes are the fastest way to see the decline of the state. They also have a certain degree of lag following economic performance figures before the real situation becomes evident to the general population<sup>8</sup>. This lag can give observers ample warning time to react to possible instability in the subject state. Unfortunately the indicators usually used are those with more graphic appeal such as violence. By then it is too late to

prevent the violence. Economic under performance may indicate more deep-seated problems within the structure of the state. The economic difficulties may be to do with the break down of structure within the society usually caused by lack of education, disharmony between groups or large gaps between the rich and the poor or by a failure of the government to meet international standards and guidelines for economic activity or an indication of an overly centralist economic approach in an increasingly globalised economic environment<sup>9</sup>.

GDP does not give a way of indicating the underlying health of an economic system. The derivation of growth figures can indicate some form of health but primarily the main indicator for the health of an economy is the amount that its exports compared to the amount that it imports, in effect the states way of paying its way in the world. Within this area of economic figures, what a state imports and exports can be critical. A state reliant on the sale and purchase of commodities faces the possibility of shocks due to the downturns in global commodity markets such as in Malaysia where the effect of internationally low rubber and palm oil prices have added to the economic woes of that state<sup>10</sup>.

The imports and exports figures must be considered with the transfer of capital in and out of the state as this gives an accurate picture of the health of the state. The transfer of capital in and out of the state must be tempered by the realization that in many markets this can be very rapid and highly speculative<sup>11</sup>. A state that imports more than it earns combined with little public saving and a reliance on overseas capital to operate the government is vulnerable. The amount of public savings is critical to the growth of the economy, it is the pooling of these savings and the mobilisation of foreign capital that is

enhanced by an efficient and healthy financial sector<sup>12</sup> The amount a state owes can have a vast impact on its ability to secure emergency funds when times are bad, such as low commodity prices or following a large natural disaster. Examples of this were seen during the IMF bailouts of the various South East Asian economies following the Asian Economic Crisis<sup>13</sup>. The amount of debt these countries accrued made it difficult for the international community to supply further loans such as the situation in Indonesia where current debt is almost twice the value of what Indonesia exports so the likely of repayment is dubious<sup>14</sup>. Small states can be adversely affected by one off purchases that are enough to highly distort economic figures and influence potential investors. The purchase of the HMNZS *Te Mana* in the fiscal year 98/99 in New Zealand had a great deal of influence on the economic shape of New Zealand during that period which was characterised by high levels of deficit in the balance of payments figures.

Not only are the pure amounts of imports and exports important but so are the actual items being imported and exported. The volatility of the commodity market was recently shown by the rapid rise in oil prices from record low levels to record high levels in a very short space of time. The key driving principle behind commodity prices is supply and demand<sup>15</sup>. During the oil price rises OPEC was restricting the out flow of oil to increase the price but unfortunately demand was far out stripping production as the largest oil consumers headed into the Northern hemisphere winter. A state totally reliant on commodity based exports will either reap the rewards of high demand and low supply or suffer the setbacks of low demand and high production. The oil producing Middle East is a good example of this where state's such as Saudi Arabia rely almost solely on oil as their main source of income<sup>16</sup>. A state that has diversified their exports among many

different commodities or value added products will perform better in the long term than a state that has not. This principal has been applied by Vietnam in the face of volatile oil prices as it has diversified its export base in many other production areas such as seafood, agriculture, electronics and garments<sup>17</sup>. By basing the export market on a limited number of commodities the risk of conflict increases as states will no doubt compare their relative economic situations and seek ways to even the situation. A prime example of this was the Gulf war as Iraq faced dire economic implications from its long running war with Iran it decided to invade Kuwait under the pretext of Kuwait driving down oil prices because of over production. In this case the tension boiled over into a major regional conflict<sup>18</sup>.

The other main risk with commodities is that they are often finite, even a state with vast reserves such as the oil in Saudi Arabia will eventually run out<sup>19</sup>. A good example for the Pacific is the growing scarcity of hardwood for export. A state with no back up plan will face dire economic strife when the finite commodities run dry. To measure the ability of a state to handle a commodity price shock the level of diversity needs to be examined as diversity is a key economic stability principal<sup>20</sup>. Each area of principle exports needs to be valued on its size, its export value and its marketability. A states export sector can be qualified, therefore, by examining the total number of exports which are not commodity based as a percentage of GDP. Commodity based exports as a percentage of GDP give some indication on how fragile a states economy is.

Another key economic indicator is the value of the states currency. This becomes a measure of how the international community thinks the state is doing. Like most things states will trade currency amongst themselves in order to make a profit. As mentioned previously some commentators regard the increased trading of currency as a way towards

globalisation but this is not the case as it merely gives states an accurate perception of what others think about their economy. In the nineteenth century the gold standard was adopted around the world by the largest economies as a way to measure the value of a state. Where a state held huge reserves of gold such as Russia<sup>21</sup> they were able to maintain some sort of economic stability as they held a significant proportion of the worlds' gold reserves. The situation is a lot different in modern economies as the US dollar has in some respect replicated the gold standard. Countries often compare their currencies in the first instance against the US dollar and secondly against the UK Pound. Some states have even gone as far as adopting the US dollar as their own rather than using their own battered currencies, this is usually where economic factors have conspired to limit the effective use of the states original currency. Some states such as Malaysia actively seek to discourage trading of their national currency<sup>22</sup> in an effort to limit effects of speculative trading. In Malaysia's case it is not legally possible for an individual to purchase Malaysian currency outside of that state, therefore, limiting the impact of foreign currency speculators looking for a quick profit. Behaviour such as this can indicate underlying problems that may influence the stability of the state. In Malaysia's case this is a desire by the ruling party to maintain a direct influence in contributing to the well being of ordinary Malays and therefore maintain their mandate of power<sup>23</sup>. Generally if a states currency is not doing well there are usually problems with the economy of that state.

Scale can be a large problem with currency. A small state is going to have difficulty in marketing its goods overseas and so may not attract a great deal of investment. Whereas a large state that is well known will have plenty of prospective

investors. In this way looking at pure exchange rates may be an inaccurate way of measuring the health of an economy. A state's foreign reserves are often translated into the value of its currency. The value of the currency is also directly related to the way in which a state can attract investors. Indonesia's massive financial woes has evaporated foreign investment which otherwise would have been a method of stimulating the faltering economy<sup>24</sup>. The more foreign capital available in a state for investment, the higher the likelihood of job creation, economic stability and contentment at the individual level resulting in higher general stability within the state. The amount of money must be in relation to the amount of foreign reserves held which is what gives the currency value, much the same as the old gold standard. A state with collapsing businesses and rapid currency devaluation can become a target for another state to increase its influence within the troubled state an example can be seen with Singaporean investment in Thailand which has seen Singapore buy up more failing assets than any other state. The situation is concerning enough to the Thai government as they believe it threatens Thai economic sovereignty<sup>25</sup>.

An area that relates to subsequent parts of this paper is the economic management of a state. Basically there are two extremes in economic management. One is the total central control of the economy from production to distribution and the other is complete privatisation of the economy. Most states fall within the middle slightly leaning towards the free market approach. In the Pacific many economies are so tiny that the only way they can be managed is through the centralist approach. This is also a necessity because of the higher proportion of the state's population who survive on subsistence.

Central control of the economy goes hand in hand with the purest sense of maintaining the monopoly of violence in a state. A state that exerts total control over its citizens is less likely to face problems of internal violence due to ethnic differences. The main problems will occur when a state is unable to maintain control over the economy or the population can easily compare the performance of the home economy with other states economies causing envy and feelings of discontent. That is why in states that have been generally ruled more with the use of violence rather than just veiled threats have tended to heavily censor what the public will see of the rest of the world. The most obvious example of this form of economic control was the former communist states of Eastern Europe where the state's tightly controlled production and distribution leading to ridiculous situations where industry was producing vast amounts of goods that were not needed, showing that even the relationship between supply and demand was controlled, albeit in a detrimental way. African states suffer from the existing centralist economic control practices where distribution is based on distorted reward structures and totally controlled by the government<sup>26</sup>. This practice within Africa is severely restraining the growth potential of those states which is in turn adding to the internal pressures that produce conflict.

The less centralist economic states have pulled government control right out of the economic sector. The governments' remaining role is that of adjudicator and lawmaker to ensure the conditions exist for safety of investments. This has increased the efficiency of those states, as supply and demand is the driver behind economic growth. Where a good is no longer required the market economy dictates that the state will no longer produce that good and reassign labour and capital to other areas to meet demand.

An example of this can be seen in the United States where the farming industry has been hit by a lack of demand from the domestic economy forcing the government to pay subsidies to the farmers in order to keep them on the land, in some cases farmers get over half of their income from taxpayers<sup>27</sup>. The main reason for this situation is the availability of cheap farm products from foreign sources. To enable a market economy to grow and function as close as possible to the dynamic nature of supply and demand the state needs to have a set of regulations, procedures and conventions. These will foster efficiency and combat illegal activities that seek to undermine market economies by siphoning large sums of capital out of the market and into the black market both internationally and domestically. A failing or non robust set of regulations can have resounding effects on a states financial viability as seen in Thailand where the Krung Thai bank had 84% of its loans non performing and fast becoming bad debts as the regulations on lending practises were not firm enough<sup>28</sup>. International pressure has seen Thai banks more willing to met international lending practises and therefore consider the risk of lending in a more appropriate way, though the likes of Krung are still underwritten by the government so any lending is still risk free for that particular bank<sup>29</sup>.

Crime and corruption can have large negative consequences for a state. Conversely crime can also bring in much needed and valuable foreign currency to fund a war or other activities the state may be engaged in. An example of this is in Sierra Leone and Afghanistan. In Sierra Leone it is the illegal trade of diamonds and in Afghanistan it was the illegal production of opium and refined products<sup>30</sup>. Both of these countries used the proceeds of their illegal activity to fund internal conflicts that have destabilising effects around them. Crime does not have to be on such a large scale to effect the

economy of a state. Within a reasonably stable state crime that is left unchecked can increase public discontent such as the current situation in South Africa where crime is so high in many parts of the state that highly skilled South Africans are leaving. Crime has the effect of increasing the cost of living. If someone takes something then there has to be an equal entry in the other side of the ledger to pay for that something. This usually comes in the form of increased insurance premiums, increased taxes to pay for larger policing efforts and increased prices in general to replace stolen goods. In the case of counterfeit goods the state would lose revenue from tax and duty on those items. The global counterfeiting activity is estimated to be worth 8 billion pounds annually<sup>31</sup>. Crime also has a direct cost to the state in that the state has to provide the means to control crime in a direct way through the provision of a police force.

The measurement of crime and corruption is very difficult and highly subjective. What needs to be taken into account is the ability of the state to deal with crime and its ability to detect and deal with corruption. Increasingly states are cooperating to deal with transnational criminal activity as they realise that they cannot combat crime on their own. An example of this was a recent operation in Thailand where a suspected people smuggler was arrested with help of Cambodian and Australian authorities<sup>32</sup>. A state that has a culture of corruption is going to find it more difficult to stamp it out than a state that sees corruption as quite rare. The example of China's recent action against corruption shows that a state can go from relative acceptance to all out war on corruption. China has recently executed a large number of public officials for corruption in attempt to make an example of those involved in corrupt practises and dissuade others<sup>33</sup>. Corruption affects the stability of the state by giving some individuals vastly more than they are entitled to

creating a gap between individuals and ultimately conflict. China's President Jiang Zemin stated that corruption undermines support for the communist party<sup>34</sup> which would ultimately lead to undermining the stability of that state. For states such as New Zealand we regard corruption as a crime and deal with it accordingly. In a large number of other states corruption is not seen as a crime, certainly not by the individuals that practice it, but as a means to earn extra money. There are numerous examples of individuals paying off border guards in Africa to remove fictitious smuggling charges. Generally corruption appears to be more prevalent in a state where the monopoly of violence is breaking down or where the state is losing its own ability to control its ruling elite. This is because the vehicle for that violence, the government, is unable to even control its own agents of that violence. Economically crime and corruption can cause severe damage to the state by misappropriating funds that may have been used to make the states inhabitants more content and thus less pre-disposed towards violence. In a state that tolerates corruption it is very difficult to measure, as crime statistics will not include accurate figures. Tonga gives an example where corruption can have a profound effect<sup>35</sup>. The smaller the economy is, the bigger the effect and the more damaging the ramifications.

Crime is another very damaging factor on the economy. Almost all states around the world have some form of black market operating over which the state has little or no control. These unofficial markets are often run by organised crime syndicates that have multinational interests<sup>36</sup>. This market serves to remove vast sums of money from the state's coffers. This loss in tax revenue has flow on effects in that the state government is unable to provide all that it potentially could for its people raising the specter of possible violence as citizens aim to try and improve the situation. Much crime is related to the

black market economy which cuts the ability of the government to fight the crime due to the decreased tax intake which in turn allows crime to spread unchecked. A state with very few resources can find itself in a destructive cycle much as is being seen in Russia with increased drugs production and the associated problems<sup>37</sup>.

One indicator of the imminent failure of a state is the level of organized crime. The reason for this is as a criminal organization gains in wealth it is able to extend its operations to gain more wealth and eventually get to a point where the organization becomes a major force in a particular area as seen by the opium growing Burmese 'rebels'. These groups then begin to compete with the government for the monopoly of violence so their criminal activities can continue unhindered. An example of this can be found in Columbia where the drug cartels are in armed struggle against the Columbian government<sup>38</sup>. The competition for monopoly of violence leads to situations which suit the criminal organizations such as weak border control which enhances conditions for smuggling<sup>39</sup>

Weak border control can also enhance trade which, for a strong economy, can enhance living standards and increase stability as is happening in the European Union<sup>40</sup>. The health of a state's economy is closely related to its ability to trade. This ability to trade is enhanced or decreased based on the geography of the state. The further a state is from its markets the more difficult it will find making a profit. The added cost of transport can be prohibitive to some markets and will often price the states goods far above closer states. Many events which are completely uncontrollable by the state can have a large effect on transport costs. Recently the rapid rise in oil prices had a significant effect on distant states such as New Zealand as well as in other states such as

Uniket Kingdom where citizens rioted over price rises in petrol<sup>41</sup>. The rise in shipping costs were quickly transferred to the customer allowing a general increase in prices. For New Zealand the option would have been to try and source goods for closer to home. For states with limited access to international infrastructure the access to markets problem is more acute. An example being nations in the South Pacific who are not on any major shipping routes. To export and import goods they require special voyagers to give them accessibility to markets. This limits the amount of perishable goods that they can export and import, it also effects the amount of fuel that can be imported. Which can lead to shortages and transport problems, all of these issues conspire to further damage the economy and raises the risk of instability within the state.

The second major area of factors that lead to the failure of states is the wide variety of demographic factors. These are attributes to do with population characteristics with a large part being the ethnic differences between people. But it is not only ethnic differences but also educational, financial and geographic distribution, which can influence the viability of a state. The demographic differences are almost always related to ethnicity but there are some distinctions. Population density is also a major issue especially in states where some parts of the state are densely populated and other parts are highly sparsely population creating wide differences between groups in the population. This is the key aspect of demography, in which demographic factors create differences between groups. These differences create tension which can lead to conflict if other factors such as economics and the structure of society are also causing divisions. The European Union offers an excellent example of where strong economic factors

combined with inclusive political structures can far outweigh the problems associated with demography<sup>42</sup>.

A state can function reasonably well if there is a common language and customs amongst its people. Laws only have to be written in one language and the instigators of the monopoly of violence only have to deal with one set of cultural influences. Problems begin to emerge when the people within the state have significant differences such as language and culture, or even religion. If a minority does not speak the national language they are instantly disadvantaged due to the educational difficulties of learning a second language. For the state the problem arises on how to control these people when they do not speak the language of the law and government. For a democracy the minority ethnic group will always see their issues out voted by the issues of the dominant ethnic group. Language tends to develop around fixed geographical areas or within a group and can be influenced by migration and the merging of two or more cultures, for example the English language is significantly different than it was five hundred years ago as it has had influence from French, German and the Celtic languages. French on the other hand has changed little in the last few hundred years as can be seen by the similarities between Canadian French and European French. Language is one of the factors which help ethnic groups identify with each other. This can lead to extremely complex situations such as in East Timor where there are many different dialects of the native Tetum language, ironically the only constant among the Timorese is that most can speak Indonesian (Bahasa) or Portuguese<sup>43</sup>. An example of the diversity of language is in the Covalima district where there are three different forms of Tetum in use. The cause of such diversity in language over such a small area can be attributed to lack of development and limited

travel within the country by a majority of the population. Infrastructure development would therefore have an effect on language diversity. In East Timor the one constant in recent years has been the occupation by Indonesian forces giving the country a unified language, though clearly this was imposed rather than enjoyed.

Ethnic violence and unrest stems from a number of components which relate to the cohesiveness of the state. The first is the ability of ethnic groups to identify with themselves, their sense of nationalism. Nationalism by definition is a destabilising influence in a multi ethnic society as it promotes separatism and undemocratic principals<sup>44</sup>. Groups can identify with themselves based on culture, common heritage, religion, appearance and language. Huntington suggests that these groupings are based around the idea of civilisations. He posits that the world is broken into a number of civilisations and a few states are straddling major civilisations, an example being the Ukraine which contains Europeans and Orthodox<sup>45</sup>. Of these states each has a way in dealing with its own unique situation. Some states try to identify with one civilisation over another even though ethnically they are not a part of that grouping, as in the case of Turkey trying to join the European Union (EU)<sup>46</sup>. Turkey has created a certain amount of resentment in its former Middle Eastern allies about its approaches to Europe as well as reluctance within Europe due to Turkey's overwhelming ethnic identity as non-European. Huntingtons argument has some merit as examples of ethnic violence and state disintegration show individuals within ethnic groups sticking together. One of the most striking examples in recent years is the treatment of Croatia's secession from Yugoslavia. When a state decides to break from a larger grouping it not only has to impose a monopoly of violence over its defined boundaries but has to gain recognition from the

rest of the international community. In Croatia's case the latter was forthcoming from Germany<sup>47</sup>. The reason support from Germany was so quick was due to both religious and ethnic reasons. Croatia is not a Slavic state so therefore does not fit into Huntington's Orthodox civilisation as does Serbia and a part of Bosnia. Croatia is a European state with a high proportion of Catholics in its population endearing it to European states and explaining Germany's quick recognition of its independence. Huntington gives little explanation of the Pacific civilisation situation but the theory can be broadly applied within the Pacific. The South Pacific is home to broadly three civilisations, or ethnic groups. These are the Melanesians, Polynesians and Europeans. Countries that contain one or more groupings of these different people are more predisposed to ethnic tension.

Other factors also focus ethnic differences and tension. One of these is the distribution of various ethnic groups in the rural and urbanised communities. Geertz noted that in Sarejevo that population predominantly regarded themselves as Yugoslavian rather than identifying with any one particular ethnic group<sup>48</sup>. Within the rural communities the ethnic differences were more pronounced and were often the centres of ethnic violence rather than in the bigger urban centres. The urbanisation of different ethnic groups would therefore have an effect on the stability of a state. For example if one ethnic group was predominantly urbanised and another was predominantly rural there would be tension between the two as one would see the benefits the other was gaining and could be resentful of that. An indicator in this situation would be the rural dominance of one particular ethnic group or the urban dominance by a group. The South Pacific has examples of both these situations in the Solomon Islands and in Fiji. In Fiji the land ownership is dominated by the Melanesian and Polynesian Fijians where the city is

dominated by the Indian population. In the Solomons the Malaitans live on a predominantly rural island whereas the inhabitants of Guadalcanal are more urbanised.

Mainly urbanised populations tend to be less disposed to ethnic violence as do widely dispersed populations<sup>49</sup>. In the case of widely dispersed populations this is relatively simple to explain as there is limited resource competition between dispersed groups. Where geographical factors have intervened such as in an island situation groups are forced closer together and must compete for limited resources this will no doubt lead to tension. Where a population is heavily urbanised it becomes evident that the state has moved economically away from an agricultural reliance to commerce and other forms of economic activity. This often indicates the health of the economy and unwillingness of an ethnic group to upset this flow of wealth. From this it could be suggested that a poor ruralised state with limited land mass or severe geographical constraints with different ethnic groups is a recipe for ethnic violence and tension and ultimately the breakdown of the state.

Migration is the source of different ethnic groupings in many states. New Zealand being a classic example where its entire ethnic makeup migrated there at different stages. The other Pacific example is Fiji where almost half the population is from an ethnic group that migrated to Fiji in the late 1800s. Land ownership becomes a source of tension when dealing with migration<sup>50</sup>. New immigrants come to a new state seeking a home and work and invariably escaping some kind of hardship in their previous state. In the Solomon Islands the migration of the Malaitans to Guadalcanal is predominantly in search of work. This has created tension between the two groups as the inhabitants of Guadalcanal see the Malaitans taking all of the jobs in Honiara and pushing the local

inhabitants out. Migration in Africa has been an on going natural process due to climatic and geographic changes. At the Berlin conference the continent was divided into spheres of influence of the interested European powers<sup>51</sup> this affected the traditional migration routes and pitted different ethnic groups in competition for limited resources in defined and enforced political boundaries. Recently in Rwanda, Burundi and the Congo this has resulted in severe ethnic violence that has further displaced ethnic groups and forced them to migrate to other states further creating ethnic tensions with the resident ethnic groups of those states. Immigration and refugee movement brings with it the undesirable aspect of organised crime as refugee and immigration routes are often used for illegal trafficking of illicit goods and money<sup>52</sup>. Ethnic migration forced by violence and political instability can have destabilizing effects on stable states. Australia accepts 12000 refugees each year with 40% of those made up of refugees from Afghanistan<sup>53</sup> at that rate Australia has ended up with a sizeable Afghan community which creates a burden on the Australian government to integrate these accepted refugees into Australia. Often refugee communities within a state contain groups which attempt to organize illegal immigration as has happened in New Zealand where some ethnic groups have been found to contain organizations attempting to sponsor illegal immigration<sup>54</sup>.

Economic influence has a significant effect on causes of ethnic tension. In the situation where the gap between the rich and poor follows ethnic lines then there is a high likelihood of ethnic tension. In the developed world the poor are not necessarily getting poorer but the rich are certainly getting richer<sup>55</sup> which is occurring both on an intra and inter state level. Recent calls to forgive the high national debt of third world countries is an example of the increasing gap between the rich and poor. The recent G8 summit at

Genoa in Italy was affected by a massive protest movement that sort to increase the visibility of the gap between the developed and undeveloped world and called for the writing off of the undeveloped worlds debt. What is noticeable is that the majority of the protesters were from developed countries and supported by various political movements from those same developed countries<sup>56</sup>. In the ideal world it would make sense to instantly wipe off the third world debt, as this would no doubt help the economic lot of those states. Morality would also dictate the removal of the debt, but the position of authority that the West maintains over the third world due to the gap in economic performance enhances the ability of the West to exercise various amounts of control over those states. This is evidenced by the level of pressure placed on states such as Indonesia with respect to human rights violations and aid from the International Monetary Fund<sup>57</sup>. In this respect the West is able to pick and choose who and when they offer economic and developmental assistance to, in short, choosing who is treated in a moral way, agreeing with Machiavelli who stated that there could be no effective morality without effective authority<sup>58</sup>.

In a particular state, all ethnic groups may be economically advancing as the state as a whole economically develops but the core of that development may be centered on a small part of the population such as in one or two urban areas as is the case in China where a majority of the development is occurring in the Eastern area along the coast and focused on a number of high growth areas. This contrasts starkly with the internal areas of China and most notably in Tibet and in the central Asian provinces. The economic development differences also match, in a loose way, the ethnic breakdown of China in a highly generalised view. For example the predominantly poor and rural western part of

China that borders the unstable Central Asian republics is mostly inhabited by a distinctly different ethnic group as to the Han Chinese, it is same in Tibet where economic underdevelopment matches the province inhabited by the Tibetans. This mismatch in development is creating a massive unemployment figure at approximately 200 million<sup>59</sup> as the rural population seeks employment in the cities. How these areas ended up like that is not as important as the fact that the economic disadvantage that constrains these areas can be correlated to ethnic groups. It would make sense for the case of China to redirect government resources into the economic development of these areas. Countries are reluctant to redistribute resources in this way<sup>60</sup> as it would lead to pressure to cut spending on the external and internal security apparatus. Cuts in these areas, especially in states with ethnic and economic difficulties, go hand in hand with the risk that the state will lose its monopoly of violence.

Out of control conflict through competition appears to be the principal cause of a state to fail. The competition is for limited resources and where control of those resources falls along ethnic lines then there will be a higher risk of ethnic conflict. All of these factors relate to each other and build on one another. The Pacific gives excellent examples of where competition for resources can lead to a state failing. In the Pacific the demographics are constrained by the geography which also constrains the allocation of resources and access to markets conspiring to leave the island states with very few resources and a spread population with strong tribal tendencies that predispose them to violently competing amongst themselves for limited resources.

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- <sup>5</sup> *ibid*, p8
- <sup>6</sup> *ibid*, p7
- <sup>7</sup> Mei, J.P. "Investing in Emerging Markets: Lessons From the turn of the Century.", in The Brown Journal of World Affairs, Vol V, Issue 1, Winter/Spring 1998, p 29
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- <sup>20</sup> *ibid*, p 59
- <sup>21</sup> Mei,, p23
- <sup>22</sup> Beeson, p339
- <sup>23</sup> *ibid*
- <sup>24</sup> Economist, 'In The Dream Time', in The Economist, December 8, 2001, p 33
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- <sup>26</sup> Fred-Mensah, B. K., "State Capacity or Receptive Societal Capacity? Rethinking the African Development Agenda.", in The Brown Journal of World Affairs, Vol V, Issue 1, Winter/Spring 1998, p230
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- <sup>38</sup> Makarenko, T., 'Transnational Crime and its Evolving Links to Terrorism and Instability', in Janes's Intelligence Review, November 2001, p 22
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- <sup>40</sup> Associated Press, From D-Day to E-Day: Decades of European Integration, 19 December 2001, p1
- <sup>41</sup> Economist, 'A Dangerous Addiction', in The Economist, December 15, 2001, p16
- <sup>42</sup> Associated Press, From D-Day to E-Day: Decades of European Integration, 19 December 2001, p1
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- <sup>44</sup> Geertz, C., "What is a Country if it is Not a Nation?", in The Brown Journal of World Affairs, Vol IV, Issue 2, Summer/Fall 1997, p238
- <sup>45</sup> Huntington p37
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- <sup>47</sup> Geertz, p243
- <sup>48</sup> *ibid*, p245
- <sup>49</sup> Latin, p8
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## CHAPTER THREE

### Pacific Examples

#### Fiji

Fiji is a small South Pacific state with a population of about 785,000<sup>1</sup>. What makes Fiji a good case study is its ethnic make up and its legacy of colonial influence. Fiji is unique in the Pacific, aside from New Zealand, in that an entire ethnic group was imposed on the native population by a colonial power. This combined with traditional tribal divisions owing to the expanse and different periods of migration in the islands has lead to an explosive political landscape in Fiji.. Each episode of political instability in Fiji has resulted in severe economic repercussions that have lead the country further into third world status. These resultant economic situations have driven a solid wedge between the different ethnic groups within the country, as one ethnic group tends to do better economically than the other. Ultimately this situation may lead Fiji to where it collapses as a state. Certainly maintaining the monopoly of violence in Fiji is becoming more and more difficult as the security forces begin to show signs of splintering, most notable during 2000s attempted coup by George Speight. What also makes Fiji an interesting case study is that quite often the country can seemingly exist in a peaceful and cohesive state, though the underlying current of ethnic tension is always present.

Long before European influence Fiji was settled by Melanesian explorers who developed a flourishing society on the main islands. The Melanesians were essentially

subsistence farmers who also developed skills in pottery and traditional fishing techniques. A few hundred years later Polynesian explorers settled in the Eastern part of Fiji. The Polynesians did not move further into the country so the Melanesians maintained dominance in the central and Western parts of the islands<sup>2</sup>. This was the first indication of ethnic differences in the islands, which were exploited by the British during the colonial period. The tribes in Fiji fought each other and developed a class system within the tribes. Many tribes had a warrior class which was seen as an upper class, though not at the same level of chiefs. Tribalism was the key societal process in Fiji and has been transferred into the modern political landscape. War was waged to gain resources or as a relationship tool between tribes. Fijians regard this period in their history as a pre-enlightenment phase from which they were saved by religion. Often tribes would partake in cannibalism following a battle, which was viewed with horror when the first British arrived on the islands. This and other activities caused a high presence of missionaries to make their way to Fiji which installed a strong religious base for the indigenous population. Prior to the missionaries religion was based around animalist beliefs as well as reverence to topographic features and astronomical bodies, such as the sun and moon.

Chiefly authority came from ownership of the land. For the Fijian and Rotuman people ownership of the land is one of the most important things. One of the most important groupings is a clan known as the 'mataqali'. The mataqali are run by a chief who is considered the owner of the clan's land<sup>3</sup>. The British were very keen to maintain this chiefly authority and established the Great Council of Chiefs to maintain recognition of the Fijian land ownership rights.

Like many South Pacific islands, Fiji was dominated in the 1800's by a colonial power during the Great Power imperialist expansions of that time. Samoa came under German control, Fiji under British. For many islands this meant a period of forcible subjugation and suppression of the usual tribal relationships. For Fiji this was also the case though with an unusual twist. The British arrived in the early 1800s and soon established a relationship with the Eastern tribes. The British allowed the traditional forms of Fijian tribal ownership to continue as well as many other customs. During a period of rebellion in the West of the Island group the Eastern Fijian tribes were used to fight the rebels<sup>4</sup> which ultimately lead to their continuing dominance of the politics of the country, most notably in the years following independence. The Western Fijians still perceive the dominance of Eastern Fijians in government which causes friction within the indigenous Fijian community and in some ways explains the swinging voting practices that have ultimately lead to three coups.<sup>5</sup> The aim of the British was to turn Fiji into a large sugar production factory. The problem lay in that the island simply did not have the population to support such a labour intensive industry in either the rural or urban areas. To overcome this deficiency the British imported 75,000 indentured workers from India to build a new working class in the islands between 1879 and 1915<sup>6</sup>. For the British this was highly successful as it gave them the manpower to support the developing sugar industry and it gave the colonial power the ability to leave the indigenous Fijians to their own devices by supporting the Fijian inter tribal relationships. This culminated in the recognition by the chiefs of Fiji that the British sovereign was their sovereign, also followed on 10 Oct 1874 followed when the Rotuman chiefs in recognised the British sovereign<sup>7</sup>. Part of the colonial development of Fiji was also given to the missionaries.

These were predominantly Methodist and installed a firm sense of Christianity into the Fijian people. The Fijians now see the transition from cannibalism to religion as a deliverance and it reinforces their own beliefs rather than detracting from it. For the Indian population the split between Muslim and Hindu religions has caused its own divisions in the Indian ethnic group in Fiji, exasperated over time by the events that unfolded during the birth of Pakistan. One of the original coup protagonists, Rabuka, saw religion as the corner stone to Fijian society and certainly believed in Christianity dominance over the other religions present in Fiji<sup>8</sup>

The British class system fitted nicely into what the Fijian chiefs wanted to maintain and they used this to their own advantage to gather wealth and further influence over other chiefs<sup>9</sup>. During the 1800's the mercantile sector in Fiji was dominated by European settlers who gained a great deal of support from the Fijians. This was critical at the time as the mercantile sector was depressed due, in part, to a global depression.<sup>10</sup> The support shown by the Fijians during this time formed the strong bond between the Europeans and the Fijians that has lasted and been translated into the foreign policy of the independent Fiji which focused on the European nations as well of the United States. It was only following the first set of coups in 1987 that Fijian foreign policy began to look at other options such as in South East Asia. The British system also supported the land tenure system of the ethnic Fijians and colonial law was established to protect this system<sup>11</sup>. The colonial law imposed by the British eventually translated into the founding legal documents of the modern Fijian state which perpetuated the land tenure system.

If a states economy is in a poor shape then this can further enhance ethnic tensions especially where there is a difference in the economic well being that follows

ethnic lines. Fiji has had a turbulent economy since its independence from Britain mainly due to their reliance on basic commodities exports such as sugar and to a lesser extent, wood. Both of these exports are intensive on the environment and dominated by either one or the other ethnic group. For example the production of sugar and its milling is dominated by the Indo-Fijians where in the Western part of the country where many of the villages and towns are ethnically more Indo-Fijian than native Fijian, yet the ownership of the land and ownership of the sugar company and exporting rights is by the native Fijian dominated government. What is notable about the demographic distribution of Indo-Fijians is that in the West the native Fijian tend to have more healthy relations with the local Indo-Fijians, probably due to a realisation of the benefit to the economy that the sugar industry has and the major part the Indo-Fijian population plays in that industry. The wood export industry, like most third world countries, is environmentally unsustainable with the slow growing mahogany a sort after hard wood in Asian and European markets. As most of the land is owned by the indigenous Fijians which is supported by various acts of parliament that support the current land tenure arrangement, most economic benefit is distributed amongst the native Fijian population. This essentially denies one ethnic group almost complete access to a lucrative part of the economy. Other exports include textiles, which have suffered in recent years due to the competitive nature of Asian textile production and the diminishing Australian market because of it, but due to the creation of duty free economic development zones based on textile manufacture the textile industry was aiding a slow economic recovery prior to the 2000 coup.<sup>12</sup>

Imports into Fiji include most things. All heavy plant and industry, different varieties of food, cars, electronics and most other value added products. This on its own makes the Fijian economy highly vulnerable to any form of currency fluctuation. Any devaluation in the Fijian currency will rapidly raise import prices and harm the balance of payments figures resulting in higher interest rates and increased risk for foreign investors. This precarious situation is exasperated even further during periods of political strife. In all three coups the risk to foreign investors was greatly increased. The principal risks being damage to property and the lack of clarity on ownership and the interim, and any future, governments' role in either revoking or upholding any constitution.

Most of Fiji's exports are primary products. This essentially means that the value added to these primary products is done by someone else so little monetary reward is received by the Fijian population. The products are usually purchased relatively cheaply and then further processed overseas. An example is the mahogany industry where the logs are shipped to customers overseas for milling and production into furniture or other wood products. Where the logs are milled in Fiji they are not value added further by Fiji but are exported in the milled state. The majority of the sugar crop is exported to the European Union at a pre agreed price and quota. Any surplus is then exported to other markets, mainly the United States. Like the logging industry the sugar industry adds little value other than refining the product for sale. Following the political instability in the late 1980's Fiji sort to diversify its markets to avoid the effects of sanctions which risks the loss of lucrative sugar markets. The political situation in 1987 was not helped by a world glut on the sugar market which had forced prices down. This combined with the difficulty in getting the 1987 crop harvested effected the Fijian economy due to penalties imposed

by the European market if Fiji was unable to fill its quota. The fluctuations in prices and the world oversupply of sugar during the mid 1980s led Fiji into difficult economic times that foreshadowed the period of political instability during the late 1980s. The hardest hit in this situation were the Indo-Fijian farmers who found themselves without work and were forced to move into the towns, therefore directly competing with the native Fijian ethnic group for jobs they had traditionally enjoyed. Following the 1987 coups and the subsequent economic downturn, Fiji increased and further developed its textile industry as a concerted effort to diversify and solve the unemployment problem created in the urban areas. This refocus onto textile helped ease the Fijian economy back to a strong position by 1999<sup>13</sup>. This change places the Fijian economy on a slightly better footing but exports are still dominated by sugar and to a lesser extent mahogany leaving Fiji highly susceptible to foreign commodity price fluctuations.

There is little diversity in income for Fiji. With sugar and wood being the main income earners they rely on tourism to top up the rest. Tourism offers the native Fijian ethnic group the opportunity at employment whereas in the sugar growing industry it is mostly dominated by the Indo-Fijians. Unfortunately for Fiji tourism is very adversely affected by any form of political instability which has been evidenced by all three coups in the country's history. The lack of diversity in the income of the country makes Fiji's economy very vulnerable to outside influences beyond Fiji's control.

The principle language of the Fijian state is Fijian, as stated numerous times over the last decade and a half by Rabuka, but interestingly the constitution refers to the main languages of Fiji to be English, Fijian and Hindustani<sup>14</sup>. At least in this respect the non equitable 1997 constitution recognises half the countries linguistic right. The 1990

constitution and the 1997 amendment act were supposed to ensure native Fijian interests were not subordinated to any other ethnic group<sup>15</sup>, if this was the case then how did an Indo-Fijian dominated government come to power twice and the following reactions plunge the country into instability. The answer lies in the structure of the native Fijian community and the effects of tribalism on that sector of Fiji. For all intensive purposes the Fijian constitution should have ensured that any government would be native Fijian dominated and the Prime Minister would certainly have been Fijian. The rift in the native Fijian electorate dates back to when the Alliance party ruled Fiji and the political disconnect between East and West in the native Fijian community began to have its effect.

The ethnic makeup of the Fijian military is predominantly native Fijian, which is unusual in a country where half the population is a separate ethnic group. The military in Fiji offers indigenous Fijians a way of employment that relates to their cultural past which can trace its origins back to a perceived more glamorous time in which the native Fijian warrior classes ruled Fiji. Traditionally Fijian society was broken into different groups based on the services they provided to the community. The educational and other administration services were seen as good forms of employment and the traditional warrior class descendants were encouraged to join the military forces to continue their culture. Because the Indo-Fijian population was not given the same rights as the indigenous Fijian population they were discouraged from joining the military. Given that both military coups in 1987 were planned and enacted by the military and the focus of their anti-Indian sentiment it is easy to imagine the difficulty an Indian recruit would face amongst the predominant ethnic group in the military. The Fijian constitution does not

signify who can join the Fijian military forces other than the usual citizenship requirements.

The core of any government that claims to be a democracy is in its electoral system<sup>16</sup>. The structure of the Fijian parliament is quite unique in that it offers ethnically different seats arranged in a fixed proportion. The parliament is now made up of 23 Fijian, 19 Indian, 3 General and 1 Rotuman<sup>17</sup>. Note the largest proportion go to the Fijians and considering that the Indo-Fijian population out numbers the native Fijian population it is hardly proportional. The structure of the government has changed many times since Fijian independence in 1971. The constitution set out the proportion of ethnically based seats at 22 seats each for the Fijians and Indians<sup>18</sup>. Following the first two coups the aim of the regime was to ensure that the Fijian population would always dominate the political process and government believing that as they were the principle land owners the governance of the land was their prerogative. Even now the situation of anti Indo Fijian feeling is still prevalent amongst native Fijian politicians as was evidenced when Senator Apisia Tora stated that Fijian Indians should be sent back to India 'because they are not God's chosen people'<sup>19</sup>.

Outside of the House of Representatives sits the Great Council of Chiefs who appoint members to various seats within the government. This conforms to the traditional tribal politics of the country and still allows the chiefs a significant say in the running of the country. The Alliance Party supported the chiefly system and hence sort legitimacy from the Great Council of Chiefs. Prior to the 1987 coups the Fijian population was becoming increasingly disenfranchised with the Alliance Party. Namely this was occurring in the Western provinces where support for the Great Council of Chiefs had

been declining due to a perception of not being represented proportionally on the council. The power of the Great Council of Chiefs is enshrined in Fijian law in the Fijian Affairs Act which lays out the roles and responsibility of the Council. The Council, owing to its authority over native Fijians, also commands a special place in the selection of high positions within the Fijian government, most importantly, the Fijian president. The President and Vice-President are appointed by the Great Council of Chiefs who were bound by the 1990 constitution to consult with the Prime Minister<sup>20</sup>

Above the House of Representatives sits the Senate with the various seats appointed by the president and the Great Council of Chiefs. The majority of the senate seats are appointed by the Council giving them the final say in Fiji governance as they can block legislation<sup>21</sup>, 14 out of 32 seats. Other seats in the Senate, following the 1997 constitution are divided into 9 appointed by the President and 8 appointed by the Leader of the Opposition<sup>22</sup>.

Tribalism in the Fijian government is manifested by the status of the Great Council of Chiefs. The Council hails from the colonial era with Great Britain where the colonial power sought to establish an umbrella organisation to control the population. The Council has maintained its unusual position in Fijian governments and wields a great deal of power. The Great Council of Chiefs and combined with the politicians that made up the Alliance party in 1970 were groomed by the British prior to independence to form the basis of the Fijian government. This advocacy by the British allowed the Eastern chiefly system to maintain its dominance of Fiji, another situation where the Eastern areas of Fiji dominate the Western areas. The power of the Great Council of Chiefs, also called Bose Levu Vakaturaga<sup>23</sup>, gains most of its representation from the Eastern tribes of

Fiji. Fiji's most prominent politicians including Ratu Cakobau and Ratu Mara. Rabuka's family and many others have their ethnic origins in the Eastern areas of Fiji. This shows the size on the grip of power that the Eastern tribes have in Fiji.

It is difficult to estimate levels of corruption in Fiji but there has been a significant amount of speculation in Ratu Mara's role whilst he was Prime Minister from 1971 to 1987. Most of the speculation has been centred around the financial support given to his home tribal area from the government during his tenure. Some commentators have suggested that Mara was actively repaying his home for maintaining his power base there. The fact was that Mara's village was receiving disproportionate funding in comparison to the rest of Fiji.<sup>24</sup>

A split in the executive power wielded by the president and the parliament was evident in the period immediately following the Speight coup. It was thought Mara would find a solution to the problem within the 1997 Fiji constitution whereas the perception of the role of the Great Council of Chiefs indicated that there would be the possibility of a pardon for Speight raising the question as to which institution really runs Fiji<sup>25</sup>. In fact the later role of the Great Council of Chiefs in the crisis showed the level of power wielded by that body. What is notable in all three of the coups in Fiji is that each has sort legitimacy from the Great Council of Chiefs rather than from other governmental institutions. For example following the second 1987 coup when Rabuka believed he was forced to declare Fiji a republic he turned his back on the Queen, as head of state but still sort legitimacy from the Great Council of Chiefs. New Zealand and other regional players should continue to pressure Fiji to become more democratic but instead of overlaying the same democratic apparatus that operates in those countries, they need to recognise the

traditional tribal structures in place in Fiji. The aim of these nations should be to integrate the traditional tribal structure into a modern government by democratising part of the appointment to the Great Council of Chiefs as well as democratising the appointment of the president and the vice-president. This is already done in a very small way by the geographic representation of the council, though there is a significant split in representation between East and West. The real power in Fiji is clearly the Great Council of Chiefs and until this political entity is integrated into the executive part of the government there is little hope for further political development in Fiji. This point raises the issue of how other countries deal with the ethnic difficulties in Fiji. To the recent Speight affair and the dissolving of the elected government and suspension of the Fijian constitution the reaction of the Pacific was co-ordinated and forceful to Fiji through Pacific institutions such as the South Pacific Forum and bilateral dialogue with regional players such as New Zealand and Australia. Initially most states of the Pacific refused to recognise the interim government<sup>26</sup>.

The statement by the New Zealand government that 'it is clear that Fijian Indians cannot lead a decent life in their country of birth'<sup>27</sup> typified the reaction of most countries to the Speight coup. Of all civilisations the European seems to be the one that is least concerned with cultural heritage, certainly the European descendants outside of Europe. This is where countries such as the United States, Australia and New Zealand may have difficulty understanding the ethnic bond a people have with their geographic placement. For the Indo Fijian, the fact that someone is born in Fiji does not give them an ethnic right to be Fijian. Whereas the New Zealand view is that in the place you are born you have the same rights as anyone else born there. The view that the European based powers

have of ethnic tension in some way explains the lack of success in stopping or resolving ethnic tension. The Indo Fijian view is that they are Fijian and not Indian, Brij Lal, a prominent Indo Fijian academic and co writer of the 1997 constitution stated 'My grandfather's country is not mine' referring to India<sup>28</sup>.

The land ownership policy in Fiji favours the ethnic Fijians and disadvantages the ethnic Indians. The reason for this can be traced back to the beginning of the colonial era with the British. The British wished to preserve the status quo in Fiji by letting the chiefs retain the traditional form of land ownership. The indentured workers from India, as far as the British saw, were only temporary and would not cause too many problems. Unfortunately the problem has remained and got worse to the point where now the Indian population makes up around 49% of the total whereas ethnic Fijians make up 46%<sup>29</sup>. This figure is subject to change following the bouts of ethnic strife and some estimates state that between 47,000 and 80,000 Indo Fijians have left Fiji for Australia, New Zealand or Canada<sup>30</sup>. Land ownership is widely disproportionate to the population breakdown, as 87% of the land is considered native title<sup>31</sup>. Now of the 300 islands in Fiji the native Fijians own up to 83% with the rest either freehold or state owned<sup>32</sup>.

The transfer of land in Fiji requires a two thirds majority ruling in the House of Representatives and the Senate this leads to a nearly impregnable hold on land by the native Fijians<sup>33</sup>. This restrictive nature of land ownership and the almost impossibility of transferring title of land constrains migration and the flow of labour. In a state where the inhabitants can freely move from one place to the next and have ready and simple access to land to settle encourages the movement of people to assist in economic recovery due times of hardship. An example of this was during the depression in the United States

where vast number of families moved from the mid-west dust bowl to the Californian coast in search of jobs and opportunities, for most it meant joining food queues in another part of the country but within a generation the families that moved were able to own land in their new home. It is difficult to imagine a poor Indian family in Suva moving into the rural areas of Vitu Levu to buy a farm.

To understand the reason behind the complex issue of land ownership in Fiji the history of the state needs to be examined, in particular the Deed of Cession in 10 Oct 1874 which the constitution of 1997 recognised as a founding document in the Fijian state<sup>34</sup>. At the time the British tried to control the islands of Fiji in competition with the tribes. The tribes were eventually to come under the control of one revered Fijian, Ratu Seru Epenisa Cakobau<sup>35</sup>, whose legacy still remains a powerful force on the Fijian political landscape. The ceding of Fiji to Great Britain came under the understanding that existing tribal rights of the native Fijians would be preserved. This policy worked well for the British as they could then rely on support from the Fijian community that allowed the British commerce community to flourish. The goodwill established in these early years has lasted into modern Fiji with the European population maintaining good relations with successive Fijian governments. The other British addition to Fiji was the Indian indentured servants who were seen by both the British rulers and the Fijian tribal structure as a temporary measure to alleviate a shortage of labour. Over time this new influx of immigrants became permanent. To maintain the pre-eminent position of the native Fijian and Rotuman tribal councils firstly, the British and then subsequent Fijian constitutions placed this pre-eminence into Fijian law. The final interration of this was in the 1997 amendment to the 1990 constitution that openly admitted to allowing the

limiting of other ethnic groups rights to freedom if it affected the rights or customs of the Fijian, Rotuman or Banaban communities<sup>36</sup>.

The transfer of power in Fiji is supposed to be a smooth affair in a democratic process but three instances in Fiji's history since independence have cast a large shadow on the Fijian idea of democracy. The first was in 1977 after the election when the National Federation Party (NFP) had the clear majority. The governor general, Ratu Sir George Cakobau doubted the unity of the party and forced another election. The re-election lead to the Alliance Party returning to power<sup>37</sup>.

The second and most infamous transfer of power occurred during 1987 and again after a democratic election. The election resulted in victory by the Fijian Labour Party, dominated by Indians and lead by Dr Timoci Bavandra. Amongst the native Fijians, mainly in the Eastern provinces it became quickly apparent that having an Indo-Fijian dominated government may call into question the native Fijian land ownership monopoly. For many this was untenable, including Lieutenant Colonel Rabuka who organised the overthrow of the government and a return to a chiefly dominated Fiji<sup>38</sup> For Rabuka the idea of a Fiji dominated in any way by the Indians was not acceptable so he spent much of the intervening period of instability drafting a constitution that would ensure Fijian domination of the political scene. The main reason for his anti-Indian stance was that he believed the Indo-Fijians were guests in his country rather than citizens so they should have no right to partake in its governance<sup>39</sup>.

In the lead up to the first coup a group of Fijian land owners were organised into a quasi political group called the Taukei movement. This group became involved in many of the destabilising instances in the country that lead to Rabuka using the excuse of civil

unrest to instigate his coup. The Taukei had planned a significant amount of violence after the election and, indeed, right up to the time of the coup<sup>40</sup>. On the 14 May Rabuka took control of the government and appealed to the governor general for recognition. What was interesting to note during this coup and the subsequent 25 September coup was that the institutions of the Governor General and the Great Council of Chiefs remained, though after the second coup the Governor General became more of a figure head than a real power player. Eventually a new constitution was written which returned Fiji to a native Fijian dominated government under a re-written constitution which ensured the preservation of native Fijian paramouncy by ensuring the top executive roles could only be held by native Fijians<sup>41</sup>.

The third transfer of power occurred in 1999. After the election of the Fijian Labour Party to power with Mahendra Chaudry as Prime Minister, the first ethnically Indian Prime Minister of Fiji, businessman George Speight and a group of armed personnel took the government hostage. After prolonged negotiations the armed forces chief declared executive authority and a process of interim governments began that is still evolving. Eventually the elected government was freed but has not yet returned to power and is unlikely to do so in the near future. Fiji was thus returned to an native Fijian dominated government after a very brief period of Indian dominance. What was interesting about this transfer of power was that prior to the Labour Party forming a government it offered the SVT, Rabuka's party, terms to join in a coalition. The SVT said it would with a number of conditions, those conditions were refused which kept Rabuka out of government but still with the chairmanship of the Great Council of Chiefs<sup>42</sup>.

On the surface Fiji seems a simple society split between two roughly equally sized ethnic groups, the native Fijians and the Indo-Fijians. Both groups have valid and legitimate claims to the governance of Fiji. The Indo-Fijians are happy to share power with the other ethnic groups but this is not the case for the native Fijians who are reluctant to give up any political power to the Indo Fijian community. Another example of this was seen following the recent elections in Fiji where Lasenia Qarase was elected to remain as Prime Minister following his stewardship of the interim government. Under the Fijian constitution the winning party must offer the major opposition parties seats in the new cabinet<sup>43</sup>. This did not occur throwing into doubt Fiji's commitment to the constitution and ultimately the rule of law.

Fiji gives the perfect example of ethnic problems that are not going to be fixed over night. In reality the indigenous Fijians are not going to unilaterally accept the position of the Indian population with relation to land ownership and parliamentary representation. It is, therefore, unrealistic of New Zealand and other Pacific interested states to impose or expect a rapid resolution to the ethnic tensions facing Fiji. A more conciliatory but still firm approach by New Zealand would go a long way in aiding Fiji. There has to be some recognition by New Zealand and other states of the perceived indigenous Fijian rights, at least in the short term, and over time decrease this tolerance to slowly move Fijian society forward.

### **Solomon Islands**

The settling of the Solomon Islands was from the north via land bridges and migration over many thousands of years. Ethnic differences only developed over significant time because the population is essentially from the same source. Other factors exasperate ethnic difference such as new periods of migration from the same source which can occur when land bridges are breached due to rising sea levels. In the case of the Solomons the many islands were settled via sea borne migration in many different waves over many thousands of years the result being a population comprised essentially of the same ethnic group but within that group there being significant spread of cultural and tribal differences to cause tensions when they meet over competition for resources. In traditional society the island chain's tribal structure was based around geographical boundaries. As such the people on Guadalcanal developed a different tribal structure than those on Malaita. The British established the Solomon Islands as a protectorate during the 1890's with the island country finally gaining independence on 7 Jul 1978 after two years of self rule<sup>44</sup>.

The arrival of the European powers in the Pacific caused a division within the Solomons between those who received developmental assistance from the colonial power and those that did not. Obviously islands with better natural resources received the most assistance. In this, Guadalcanal was the obvious choice. It was flatter and had better agricultural applications than the more mountainous Malaita, or indeed any of the other islands. Because of these attributes it was inevitable that Guadalcanal was going to

become more developed than the rest of the Solomons. What has resulted is that Guadalcanal has become the centre of commerce and government for the nation. In this respect it was the first to get power, water reticulation and other basic services mainly due to the growing size of the urban centre. This development was in stark contrast to what was occurring on the island of Malaita where traditional farming and tribal subsistence living was maintained. Population growth on both islands and limited capacity for the Malaitan infrastructure to handle the growth ultimately led to the migration of Malaitans to Guadalcanal.

The biggest problem that the Solomon Islands face is the dire economic situation the country is in. This is what sets the country apart from comparison with Fiji. Where Fiji has an obvious ethnic tension that is intensified partly by economic but more by political factors the Solomon Islands is almost solely suffering from severe economic problems that put the future viability of the state in doubt.

At first glance the Solomon Islands appear to be made up of the relatively the same ethnic grouping, the Melanesians who make up 93% of the state's population<sup>45</sup>. On closer examination differences become apparent notably from North to South along the island chain. In the North the ethnic make up resembles more of Bougainville than other Melanesians. Still, collectively the Solomon Islanders regard themselves as Melanesians as evidenced by participation in the Melanesian Spearhead Group, a loose grouping of Melanesian island states. The ethnic differences in the Solomons follow traditional tribal and geographically imposed boundaries. It is, therefore, not ethnic tensions but traditional tribal tension caused by the economic situation that predisposes the Solomon Islands towards becoming a failed state.

— Tribalism can be on a very small or massive scale. Examples of large scale tribalism can be found in most of the trouble spots of Africa, though the differences between tribalism and ethnicity become quite blurred in the African context as the tribal groupings have been around so long they have been translated into broad cultural and physical differences. In the Solomon's this is not the case as the tribes have been separated by small bodies of water. There has been little merging with other races in contrast with Fiji which first saw a merging of Melanesians with Polynesians and then between the resultant with the European and Indians, though the society is still highly divided and suffers from Tribalism within the so called indigenous Fijian population. The tribal divisions in the Solomon Island's have overlaid on top the economic differences between the main parts of the island chain.

The tribal divisions have led to conflict between the native inhabitants from Guadalcanal and Malaita the two main protagonists being the Istabu Freedom Fighters (IBF) and the Malaitan Eagle Force (MEF). The IBF had the majority of support in the rural areas of Guadalcanal and claimed to represent the people of Guadalcanal. The MEF were mainly in Honiara due to the situation that the majority of Malaitans that shifted to Guadalcanal in search of work settled in Honiara due to the difficulty in acquiring land outside of their own traditional areas.

During the early part of the crisis one example showed the lack of cohesion in the Solomons. The Prime minister, Bartholomew Ulu'Fa'ulu, offered the Guadalcanal Provincial Governemnt \$500,000 in recognition of it having to host the national capital and the development required in respect to this<sup>46</sup>. This act shows inherent weakness in the ability of the government to exercise control over subordinate institutions. In a country

the size of the Solomons it is almost absurd for the national government having to pay off a provincial government. It is also tacit recognition by the government that the provincial government in some way controls the fighting between the militants and the Malaitans on Guadalcanal. In effect there are at least two protagonists vying for the monopoly of violence on Guadalcanal, the Solomon Island's government and the Guadalcanal Provincial Government.

The use of Rabuka, in his position of Chairman of the great Council of Chiefs as an envoy to the Solomon islands indicates the status of that position within Fiji. More disappointing is the fact that he was appointed to the envoy position by the Commonwealth secretariat<sup>47</sup>, in a way this gives de facto recognition of his current status in Fijian politics. As an architect of the 1987 coups and, some time after as Fiji's Prime Minister, Rabuka has been in a position to influence the ethnic difficulties within Fiji. The constitution that he designed retained the separation in voting between the different ethnic groups in Fiji. Aside from the above issues it is more to do with recognition by the UN that the Solomon Islands problem is a Pacific issue and needs to be dealt with in the so called 'Pacific way' with Rabuka seen as one of the more prominent and respected Melanesians.

'Our Melanesian brothers are ready to respond in time of trouble.' Batholomew Ulufa'alu the Solomon Islands Prime Minister said in response to the Melanesian Spearhead Groups decision to send Fijian and Vanuatuan police to the Solomon Islands to help with the reconciliation and restoration of law and order<sup>48</sup>. This act shows an example of the wider ethnic grouping in the South Pacific and how this influences events

amongst the members states. It is interesting to note how Fiji also identifies with the Melanesians given their Polynesian heritage as well.

Faith in the Police in the Solomon Islands was one of the major sticking points of the Honiara Accords<sup>49</sup>. In particular the way in which the police conducted law and order on Guadalcanal was to be changed under the Accords to dispel suspicions of the intent of the police. In effect the accord brokered by Rabuka limited the power of the police to only maintain law and order in the most basic way. In the Solomons the only method of maintaining the monopoly of violence is through the police, with their capability constrained how can the government implement any form of control through law enforcement or policy implementation over the rest of the country. In this respect the Accords have failed to allow the Solomon Islands' government to maintain a monopoly of violence over its people.

Faith in the Solomon Islands' government has also been harmed by the rampant corruption conducted by government ministers and example being the when the current Prime Minister was in the previous government he paid himself \$US700,000 in compensation for lost property during the violence<sup>50</sup>. More than \$US25 million was loaned by Taiwan for rebuilding the damaged state but much of this ended up in the hands of corrupt politicians<sup>51</sup>.

The implementation of an international police force to quell violence between militants and the Solomon Islands' police force indicates the loss of control by the government. The Istabu Freedom Fighters in their call for Rabuka to tell the government that they did not accept the governments policing policy<sup>52</sup> shows that the different parties in the Solomons vying for power do not even have the ability to dialog with each other

and have to do this through an international envoy. The breakdown in dialog between two or more parties competing for the monopoly of violence leaves little way forward in maintaining the original state as a cohesive entity, the result being the failure of the state and eventual splintering. The situation where the governments' policing policy is not accepted also shows the inherent weakness of the Solomon Islands governments ability to sustain a monopoly of violence. The question is then raised who is really in control, and if this question is asked then it is a good indicator that the state is on its way to failure.

In any state that is suffering some sort of instability the international community looks to the government of that state and then to the apparatus that the government is using to maintain the monopoly of violence to see where the sources of violence and instability are coming from and whether that is really in control or not. During the initial part of the conflict in 1998 the Royal Solomon Islands Police Force was hesitant in responding<sup>53</sup> allowing the violence to escalate to where it was almost impossible to control it at all. The important point to have in mind with the Solomon Islands conflict was that it was not an all out ethnic war but more a tribal conflict with large groups of opportunistic criminals getting involved. The prevalence of opportunistic criminals seriously called into doubt the police, and governments, ability to maintain basic law and order conditions right up to when the curfew was called in Honiara.

The UN joined other international bodies in offering support to the Solomon Islands in resolving ethnic violence and tension<sup>54</sup>. The offering of support by the Commonwealth and then by the United Nations and the acceptance of both showed that the Solomon Islands' government could not maintain a monopoly of violence unless it relied on outside help. The problem with outside intervention is the state receiving the

help generally has a number of conditions levied on it by contributing nations such as imposition of some kind of economic reform or the change of governmental structure either way the government has lost total control over its state and once a state has agreed to outside help, particularly military intervention it is bound by the repercussions of that decision, that someone else's state is exercising violence within their state.

The International Peace Monitoring Team (IPMT) sent to oversee the disarming of the rival militia groups has shown how far the loss of the monopoly of violence in the Solomon Islands has come. The basic allowing of an international force within a states own borders is an admission of loosing the monopoly of violence. In the Solomon Islands this has been taken one step further where one of the main groups supported by the instigators of the monopoly of violence is in itself being disarmed, the MEF who dominate police ranks. The disarming, though quelling of the violence, leaves the state with no clear victor and in essence a power vacuum that will be filled when all international monitoring groups are withdrawn.

The resolution of the Solomon Island's conflict and the reconciliation that must occur for a real lasting peace to occur needs careful consideration especially in assessing the long term viability of the state. In the Solomons the tribal warfare employed by both the MEF and IFM have brought deep divisions within the community to a head and exasperated the already dire state of the Solomon's economy. The Townsville peace accord was designed to bring a lasting peace to the Islands by offering incentives to the main players on both sides. Unfortunately the peace accords have done little more than placate the main individuals by given them various materialistic rewards in return for their commitment to peace rather than address the real concerns that created the conflict

in the first place. An example of this is the recent agreement by the government to give amnesty to all who were involved in the conflict by offering a blanket ignoring off all human rights abuses and crimes committed by members of both the MEF and IFM during the two years of tribal violence. Amnesty International was concerned at the message this would send to militia members planning any violence for the future in that this may signal an ability to get away with what they please<sup>55</sup>. The late 2001 elections offered the Solomon Islands a real chance at starting a resolution to the problems. 100 foreign observers were present during the elections to ensure that corruption and other illegal activities did not disrupt or compromise the election results<sup>56</sup>. The eventual selection of Sir Allen Kemakeza as the Prime Minister threw into doubt the hope that the Solomon Islands' government would begin to distance itself from corrupt practices. Sir Allen Kemakeza was involved in a financial scandal in the last Solomon Islands' government<sup>57</sup>.

The role of the police force is also of concern as it is this force, which is charged with maintaining the monopoly of violence within the Islands. The main area for concern, and one which will help maintain the atmosphere of tension, is the way in which the MEF was supported by the police. This was mainly due to the police being made up of many Malaitans rather than natives from Guadalcanal. When the MEF held the coup and removed the prime minister, Batholemew Ulu'fa'ulu, it was noted how easily the MEF came into possession of police fire arms and how the police failed to secure the armouries that netted the MEF almost 1000 arms stolen from the police. Also the MEF had about 100 police officers in its ranks who under the Townsville accords are allowed to be reinstated into the police force<sup>58</sup>. The role of the police force will not easily be forgotten given the prevalence of the 'payback' tribal custom amongst many Melanesian cultures.

Police officers who were previously MEF will not be regarded too highly by those in Guadalcanal and a risk of reprisals by police against accused atrocities by the IFM will help maintain an element of fear and inhibit reconciliation further<sup>59</sup>. All sources of tension within one state conspire to erode the monopoly of violence especially in weak states such as the Solomon Island's. The lack of a real attempt at reconciliation will put one group momentarily above the other rather than remove the real causes of the tension. In the case of the Solomon Island's Police force their role in maintaining the monopoly will be that much harder due to their non-impartial and seemingly immoral actions during the conflict. The other area of difficulty for maintaining any semblance of a monopoly of violence rests with the Solomon Island's ability to disarm protagonists and ensure further arms are not proliferated from trouble spots such as Bougainville. The influence that the Bougainvillians are having Western Province has already been the cause of significant trouble within the Islands.

One of the original causes of the conflict was settling of the Malaitan people on Guadalcanal unfortunately the conflict has again mobilised a large amount of displaced persons which number nearly 32,000<sup>60</sup>. This amount of displaced people is going to create tensions wherever they end up settling, even if it is back in their native Malaita. Returning to their tribal homes will create pressure within the traditional tribal areas as they must compete for resources being used by the current inhabitants. This leaves the displaced people unwanted from where they originally came from as well as being forced from Guadalcanal. The association of these groups of displaced people with criminal activity will increase creating a rift between the old allies within the police force who will be required to become more accountable. The situation in resourced starved Solomon

Islands is only going to get worse as even more groups find tension between each other and the police slowly finds it more and more difficult to maintain any monopoly of violence.

Despite the severe problems in the Solomon's there has been a continued effort by the regional players to support the states continued development. This has been effected by the provision of aid from both Australia and New Zealand, though both countries reassessed those provisions based on the MEF led coup and the subsequent political and societal instability. Australia's commitment goes beyond just economic aid but extends into military support. The Australian economy also has a great deal of interest in the state of the Solomon Islands mainly due to the location of the Gold Ridge gold mine on Guadalcanal. Australia budgets \$AUD19.5 million in aid but due to the instability many of the aid programs have been suspended reducing the real aid figure significantly<sup>61</sup>. New Zealand's aid assistance to the Solomon Islands total \$NZ6.4 million per annum<sup>62</sup> unfortunately, like Australia's aid, this has been affected by the instability in the islands so the real figure is probably a lot less. The 2001 aid commitment from New Zealand was approximately \$NZ8 million plus extra money was donated to aid in the elections<sup>63</sup>. The key point being that with this sizeable amount of aid and the presence of the IPMT shows that the sovereignty of the Solomon Islands is significantly diminished as the Solomon Islands' government must rely on certain programs and activities being supplied from foreign sources which all try to influence the direction of Solomon Island's government policy. Both New Zealand and Australia have stated that unless the Solomon Island's stabilise ethnic conflict, lawlessness, and economic mismanagement' then there will be little assistance from both of those states<sup>64</sup>. All of the above aid is still dependent on

whether the Solomon Islands can sort out the internal strife, including the elimination of corruption within government, reformation of the Police Force and restoration of law and order<sup>65</sup>.

The Solomon Islands is on the verge of becoming a failed state, not because of ethnic tension but because of tribalism and the effect it has had on a primitive society being thrust into the modern globalised world. The different competing priorities of the Solomon Islanders have rendered the economy stagnant and in most areas receding. The government no longer has the ability to maintain any form of a monopoly of violence over its islands and EEZ. They have accepted the imposition of having international military personnel to oversee the disarming of warring factions in order to allow the police force to try and regain some control of the country. The key issues for New Zealand with respect to the failing Solomon Islands relates to the instability that it may spread to other vulnerable areas in the Pacific such as Vanuatu. The destabilisation in Bougainville has certainly influenced and in many ways exasperated the Solomon Island's problems by allowing the trafficking of weapons and the associated problems of displaced persons. The Solomon Islands are in the mess they are due to the impoverished state of the economy and the reliance of the population on predominantly subsistence living. This has caused a massive gap between those who enjoy the benefits of a more globalised economy, those in Honiara and parts of Guadalcanal, and those who rely on a more traditional existence, those in the Western Province and on the island of Malaita and all of this superimposed on a tribal society.

## Tonga

‘The King shall govern on behalf of all his people and not so as to enrich or benefit any one man or any one family or any one class but without partiality for the good of all the people of his Kingdom’<sup>66</sup>. One of the key passages of the Tongan constitution sets the scene for a state within the South Pacific that is still controlled by a king advised by a number of nobles. This tiny state that is heavily reliant on overseas aid, mainly from New Zealand and Australia, can barely be regarded as a state. Despite its current situation the island kingdom had a proud history of cooperation with the colonial powers that left it free from being dominated by any one power but also free from the benefits of being tied to a larger state economically. Unfortunately, their size has left the kingdom vulnerable and reliant on other states in the modern world where issues affecting the Tongans have a global focus. The international awareness of Tonga’s plight as a state slowly being consumed by its weak economic accountability laws reached a climax last year when the country was noted for its risk of being susceptible to criminal influence and its attraction for money laundering.

Tonga offers the third case study within the Pacific to compare the Solomon’s and Fiji against. Unlike Fiji with its ethnic tensions and the Solomon Island with its severe economic difficulties, Tonga suffers from an inability to stem corruption, a political system that constrains the states development and sheer lack of numbers. Related to this is the autocratic and class based style of government that embraces the recurrent theme of tribalism, already mentioned numerous times in this thesis as a major cause of instability within the South Pacific.

Tonga is a tiny country when placed in comparison with the rest of the world. Its population is just on 100,000 raising the question of how a state so small can be sustainable. The government is a constitutional monarchy with three key parts, the King and his Privy Council, the Legislative Assembly and the Judiciary. The Privy Council is appointed by the King and its purpose is to advise the King on specific issues facing the state at any particular time. Unlike constitutional monarchies in Europe, the King and his Privy Council in Tonga have real power. The King appoints the cabinet and has final say on what laws can be enacted. The next level is the Legislative Assembly, which embodies the same tribal divisions and class distinctions that are evident in Fiji and the Solomon Islands. The Legislative Assembly comprises the Privy Council, Cabinet, representatives of the nobles, and elected representatives of the population<sup>67</sup>. The nobles are defined by the traditional tribal structure of Tonga with the chiefs being at the head of that structure. In order to sustain the government in its current form the nobles are the only members of the Assembly permitted to vote on laws that change the status of the Royal family or the privileges of the king<sup>68</sup>. The current situation puts the nobles at an enhanced political position over the general population so it would not be in their interests to change the way the political system in Tonga works unless the King fell out of favour, in which case the nobles could conceivably vote to change the structure of the monarchy. The main problems with Tonga lie with its small population and style of government. This part of the thesis will show that a nation can simply be too small to survive as a state as it leaves the state open to many undesirable influences that erode its sovereignty.

Since the state is an invention of people then the size of a state must be defined by the number of people within it. In Tonga's case the state encompasses a large geographic

area comprising many small islands and much sea. This island grouping has to sustain a population of approximately 105,600 (July 1995 estimate)<sup>69</sup>. This small population, the size of a large town, has to provide the entire government apparatus of state that has full international recognition. This government apparatus includes such services as defence, foreign affairs advice, provision of health services, provision of education, island infrastructure and economic stability and development. To achieve this with such a small population would mean either the state is very resource rich or the state is reliant on outside for its existence, in the later case the question has to be raised how can a state exist as a sovereign entity when it is reliant on continuous outside help for its survival. Tonga does not have the land area to support strong agricultural exports though this makes up 90% of its exports<sup>70</sup> This which gives some indication that the state must have enormous difficulty in maintaining a balance of payments. Other sectors for income are from traditional crafts and cottage industries that support the tourist industry to more diverse enterprises such as selling internet domain names and the infamous passport selling scheme. Unfortunately the small size of the Tongan economy also leads it open to other less desirable forms of income such as money laundering, drugs trafficking and other corrupt practises. Aside from the illegal forms of making money the Tongan state is also reliant on a large amount of foreign aid. This aid can come in many forms, such as advice to government on setting up certain structures, public aid projects such as water services, or direct monetary aid to help balance the governments books. Most of Tonga's aid comes from other states within the region such as Australia and New Zealand who then require Tonga to adhere to various requirements to maintain the reception of aid. Further aid comes from other international bodies such as the United Nations, European

Union and Asian Development Bank, again these sources of aid also come with conditions, which in real terms partially erode the sovereignty of Tonga every time they are forced, or persuaded, to meet the conditions of aid donors. The final area of aid for Tonga comes from international non-governmental agencies.

An example of the types of pressures faced by small nations in accepting aid is given by the pressure that Japan has exercised on small nations to get those nations to vote against conservation issues such as the South Pacific Whale Sanctuary. Tonga, in accepting aid from international institutions must adhere to sometimes strict fiscal management criteria and foreign policy stances that can often be adverse to the general policy of the government at the time. This was evidenced recently when Tonga was listed as a country that is susceptible to money laundering owing to the laws surrounding the management of its banking industry and the lack of transparency in some financial transactions which attract organised crime organisations due to the ease of laundering money, the process of disguising the criminal source of funds by appearing to carry out legitimate financial transactions<sup>71</sup>. Tonga was put under significant pressure to tidy up its banking laws which went against with the intent of the government in trying to raise foreign capital by attracting overseas funds into Tonga by making use of their liberal banking system.

Another example of how an overseas funding organisation can place pressure on Tonga in order to receipt more is to with funding from the European Union which has the European Unions Centre for the Development of Industry (CDI). This organisation provided investment funds and management advice to enable growth in efficiency in recipient states. Tonga has faced criticism for its lack of aggressiveness in implementing

suggested changes by CDI<sup>72</sup> which shows an example of how an international organisation can apply pressure to a state to change some of its policies. The criticism has forced the Tongan government to look at the way it implements various aid related projects. This then questions how much of a say the country has in its own affairs and its latitude in decision-making.

Criminal activity in Tonga has been the main focus of many states interactions with the island kingdom. Since being black listed by the United States for its unhealthy banking practises the state has also been troubled by the apparent passport scam in which up to \$NZ20 million may have been embezzled by senior government officials. This incident combined with allegations of government corruption and support for a burgeoning drugs trade has lead to a poor assessment of Tonga's law and order ability which essentially stems from its tiny size and lack of resources to police and administer the vast number of islands and geographical sparseness of their exclusive economic zone. In 1996 a senior member of the government was implicated in serious drug allegations relating to the supply of cannabis to Australia during the Sydney Olympics<sup>73</sup>. The allegations went on to include official involvement in money laundering and extravagant wastage of government funds. The allegations also implicated the royal family and raised fears that the population of the kingdom is somewhat fearful of raising these sorts of issues in public. The editor of the Times of Tonga even publicly agreed that people were not very keen about speaking out in Tonga<sup>74</sup>. The problem with these sort of perceived restrictions on speaking out for such a small state is that international attention focuses on this and it can affect the supply of aid. In the ever increasing globalised world a state so reliant on others for its survival cannot afford to become a pariah amongst its benefactors.

The style of government in Tonga is not one that is chosen by universal opinion but one which was imposed by a feudal history and a restrictive constitution which maintains the power of the state in the hands of a few nobles and the royal family, this combined with its faltering ability on law and order is proving Tonga's inability to sustain itself in the modern world.

The vulnerability of the Tongan economy and weaknesses of the government that manages it can be seen by the fiasco surrounding the foreign reserves account. The government established a separate account for saving money for the purposes of disaster relief or expenditure on an important public project. The current amount in the reserves is believed to be US\$37 million<sup>75</sup> of which US\$15 million is tied up in a loan made to the Millennium Asset company in the United States. It is highly unlikely that any of that money will be repaid putting into doubt the current state of Tonga's foreign reserves which in turn puts into doubt the stability of their economy. Certainly there must be a belief in some areas of the Tongan government that no matter how bad things get they will be bailed out by their aid donors. Aid and remittances make up a large portion of Tonga's GDP, in 2000 remittances from Tongan communities overseas totalled nearly \$US40 million<sup>76</sup>. For such a small economy this is an extraordinary amount and certainly helps achieve some form of economic stability in Tonga. To give some comparison with the remittance figure, Tonga's total export earnings for 2000 were \$US11.3 million, mainly from agricultural exports<sup>77</sup>. Aid given to Tonga is predominantly from New Zealand and Australia. New Zealand donates \$US2.9 million per year<sup>78</sup> and Australia donates \$AUD9.5 million in direct plus a further 2.3 million in other aid activities totalling \$AUD11.8 million<sup>79</sup>. This aid figure and that of remittances makes up a large

portion of GDP and goes some way to improving the balance of payments deficit. The main problem being the recognition that the longer Tongan communities are away from the kingdom the smaller the remittances due to the dwindling family ties with the islands. Over time this will mean less of Tonga's GDP will be drawn from remittances increasing the kingdom's percentage reliance on aid. Both development assistance programs in Australia and New Zealand are targeted towards specific issues and deficiencies in the Tongan society and economy. This targeting goes part way to ensure that Tonga's development falls in line with New Zealand and Australia's expectations of Tonga such as their support for the public service reform in an effort to reduce duplication, inefficiencies and corruption.

Tonga has faced many allegations of corruption in recent years. The most recent example being the \$NZ20 million lost over the passports selling scheme. For such a tiny state any misappropriated funds can affect the state in a profound way. Corruption slows development, undermines democracy and social values and makes the international donor community question the wisdom of supporting the recipient state<sup>80</sup>. The question has to be asked as to why Tonga would be so susceptible to corruption. The reason stems from the blending of western democratic principles into a society based on tribalism where traditional family and extended family leadership lines are distorted in lieu of an imposed system of governance leading to a social break down and less accountability within the community. The focus of many of the communities of the South Pacific is around the community placing a judicial system over the top of this accountability structure which causes difficulty in recognising where one system leads into the other. This confusion leaves the individuals charged with running the state in a position of vulnerability as they

are torn between the interests of their traditional leadership lines and that which is imposed by the state, in Tonga's case the constitution and the royal structure. For Tonga to survive as a state, in the purest definition of a state being maintaining the monopoly of violence, it needs to decrease its reliance on foreign aid, which in turn requires the efficient use of public funds to develop the state's revenue earning ability.

Tonga, unlike the Solomon Islands or Fiji is unlikely to be on the verge of complete collapse but nonetheless its continued viability as a state, as defined earlier in this thesis, is dependent on its ability to face the future threats facing the island kingdom. These threats include international money laundering, international drugs trafficking and poaching of its resources, mainly within its vast Exclusive Economic Zone (EEZ). For Tonga it is nearly impossible for it to maintain a monopoly of violence over areas of its stated claim in the South Pacific. With just over 100,000 people as the basic revenue base it is unlikely that Tonga will ever be in a position where it can maintain a monopoly of violence over all of its 169 islands let alone those islands and its exclusive economic zone. This then raises the question of whether Tonga is actually a state or simply a dependant community on Australia, New Zealand and other donor states. This thesis argues that Tonga is already a failed state owing to the influence that other states have within its borders, whether that be legal or illegal influence. Tonga is simply too small and lacks the resources to maintain the separate entity that is required to be a state. Geographically they have isolation on their side in that the community faces no major ethnic divisions and they have been free from the usually damaging influences of great power colonial expansion at the end of the 1800s. In reality Tonga requires substantial foreign assistance to maintain the most basic government apparatus. Globalisation has

destroyed the Tongan state. Whereas once the authoritarian rulers of Tonga maintained a monopoly of violence over their tribes including a monopoly on trade and all other forms of community existence the situation is now markedly different. The requirement for international capital has meant that Tonga has had to become open and transparent. To do this the state has had to increase its expenditure to enhance the judicial system, the monetary system and the general accountability of the state apparatus. For Tonga and its tiny population this has come at a huge cost, a cost, which cannot be sustained as evidenced by their reliance on foreign aid. This leaves Tonga as an independent community with a leadership that can barely maintain law and order with its main governance functions being provided by outside help. Evidence of this can be seen through the pressure that has been placed on Tonga to reform its public service. This pressure has been because aid donor states do not wish to see their donor money lost through inefficient practices, therefore, they pressure Tonga to change its internal structure to suit. This can be compared to the way a city council must adhere to the central governments laws and requirements to receive their allocation of funding. It is easy for large regional states in the Pacific to apply significant pressure to smaller ones like Tonga. An example of this being New Zealand making no secret of its desire to form a South Pacific Whale Sanctuary. No doubt Tonga's support of this proposal would have, in same way been linked to the sizeable aid package that Tonga receives from New Zealand each year. Though Tonga is cognisant of the value of maintaining significant numbers of whales which would have helped the state accept New Zealand's point of view more readily, other states are not. Japan, being the principle whaling nation with influence in the South Pacific found it as a matter of policy to link its opinion on whaling

to its aid programme, thus those states receiving significant amounts of aid from Japan were expected to back up their position on the sustainability of whaling.

Whaling in Tonga has not been without controversy but it is now widely recognised that the \$1US billion world wide whale watching tourist industry<sup>81</sup> is well worth Tonga capitalising on as it has one of the best whale watching areas in it's northern islands. Whaling in Tonga has historically been a source a food and was a part of the economy up to 1979 when the practise was banned by royal decree. In 1995 the spectre of whaling was raised again and with whale meat fetching \$US200 a kilo in Japan the economic spin offs of this enterprise must have certainly been attractive. Though whale hunting is well recognised as being harmful to the long term sustainability of whales globally Tonga was in a position where they would face resounding condemnation if they had restarted whaling. New Zealand and Australia, both supporters of the proposed whale sanctuary in the South Pacific, are Tonga's main aid donators and would have taken a very adverse view towards Tonga resuming whaling which may have affected Tonga's eligibility for certain aid programs.

For Tonga to become a state again it needs to stop its reliance on aid and find ways of raising its own revenue. This thesis does not say a state that receives aid has failed what it does say it that a state that is too small, with respect to population and relies on aid to maintain the basic forms of government, has failed. In Tonga's case the protection and surveillance of its Exclusive Economic Zone is an enormous task and somewhat impossible for such a tiny nation. Tonga has to, therefore, rely on other states to provide some kind of surveillance capability. This has occurred with the Australian Pacific Patrol boat project, which provides Tonga with a limited sea borne patrolling

capability. As well as Australia and New Zealand providing P-3 Orion patrols on a regular basis to Forum Fisheries states in the South Pacific in cooperation with Forum Fishing Agency based in Honiara. This organisation is taking a collective approach to secure the Pacific's fishery from poaching by large out of area fishing fleets.

Tonga was allocated \$NZ5.6 million in aid from the New Zealand Official Development Assistance (NZODA). This money was assigned to be used for various projects in the main islands and some outer islands with the principle areas of focus being human resource development, restructuring of the public service, private sector development, outer island development and community development<sup>82</sup>. The assistance given to the restructuring of the public service is a theme of aid development packages right throughout the Pacific. With one of the main aims of the regional powers to promote good governance in states like Tonga, providing a model and assistance to develop a robust and efficient public service is paramount to the long term survival of many South Pacific states. The reason for this being the increased pressures that these states are having from the impact of organised crime. With many crime groups now operating multi faceted and directed criminal organisations linked to money laundering and drugs trafficking state's with very limited policing resources and overly inefficient bureaucratic processes are vulnerable to loosing vast sums of hard earned foreign currency, much like Tonga's recent loss of \$NZ20 million from the bungled selling of passports.

Like most aid to Tonga the Australian contribution comes in the form of supporting development projects. One major project initiated this year by the Australian Agency for International Aid (AusAID) is the Tongan fisheries project. This project seeks to develop a sustainable and lucrative fishing industry that will take advantage of

the huge Tongan fishing resource. The main focus of the development project includes assistance to small scale fisheries and development of the commercial tuna longline fishery and the associated infrastructure required to support such an enterprise<sup>83</sup>.

Tonga's size and, consequently, resourced starved government are further hampered by the kingdom's archaic form of government. Where most South Pacific states have tried to embrace some kind of democratic process Tonga has not, being more content to stick with a feudal system where most of the power of the kingdom is focused on small group of nobles in concert with the Royal family. The main problem with this kind of structure is that there is little accountability for the actions of members of the Privy Council or nobles on the Legislative Assembly other than through reprimand by the King. The general population also has representation on the Legislative Assembly but this group is certainly subordinate to the nobles and those who are in cabinet. This lack of accountability leaves the various government positions open to all sorts of non democratic behaviour relating to corruption. At no point are any of the ministers of the King responsible to the people of Tonga, they are only responsible to the King whose own family has been involved in allegations of facilitating drugs trafficking.

Tonga is a reasonably open society with a large expatriate population in Australia and New Zealand which creates a division between what Tongans hear and see in those countries compared to what is occurring in Tonga. Ordinarily a kingdom with similar style of structure to Tonga would have to limit the education of its population and their access to the outside world in order to remain in power. It is unlikely that Tonga would be in any better position if it had any other form of government as it would still be reliant on aid. If corruption and poor management are as rife as suggested the reliance on aid

would certainly be less. The aim of the nobility in Tonga is to maintain power as this gives them continued access to funds and land above the rest of the Tongan population. In order to keep the situation as it is the nobility and government have to perpetuate the current traditional status quo, by way of example is the treatment of women in Tongan society. In traditional Tongan society women are reluctant to speak out and generally do not seek jobs or careers in politics but take a subordinate role in the leadership of the society<sup>84</sup>.

Size of population and geographic consideration all conspire to fail the Tongan state. The infrastructure required to support 105,000 people spread over 169 islands is enormous. To do this the government or the private sector must provide transport for people, transport for goods, communications between islands and they must be able to protect and maintain this infrastructure. There is no conceivable way the Tongan government could raise enough revenue from its own population through taxes to achieve all of this as well as a health and education program for its population. In some ways this is where Tonga's problems relate closely to the Solomon Islands. The Solomons are also sparsely populated and starved of infrastructure which can only constrain development. The difference being between the two that if the infrastructure became available on the Solomon Islands it is likely that the development would occur as the country has the population to provide labour for any development whereas Tonga simply does not have the labour resource to sustain any major development. This does not bode well for Tonga in the future and indicates that no matter how much aid and development is put into Tonga it will not lead to any major and sustainable increase in the viability of the state. It is unlikely Tonga will ever not be reliant on foreign aid.

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## CONCLUSION

Despite globalisation and the ever increasing integration of the world economy the state still relies on its ability to exercise a monopoly of violence over its subjects. This gives the state its existence, it is after all a human creation that sometimes approximates geographical constraints. Globally the biggest single point of failure in a state appears to be the ethnic divide and this is nowhere more pronounced than in states that span two or more ethnic groups, the worst being where a state spans two or more civilisations such as in the Balkans, Central Asia and Middle East. This is true for states that abundant have land area and the ability to create an economic base but shrink the land area to a few square miles and reduce the economic base to something that resembles subsistence living and we are suddenly transported into the South Pacific where a group of tiny states are fighting for their survival through lack of population and resources. If the ethnic difficulties associated with the combination of two civilisations are superimposed over this situation then the results are going to be disastrous. Another example would be to give one island of many all of the major infrastructure while leaving the others barely developed. This will cause resentment in the other islands and force a migration pattern to where the centre of the economy is. Unfortunately this will lead to perceived differences between island and tribal groups. The final example is a tiny country spread over very many islands that simply cannot earn enough money to carry out the basic functions of the modern state without help from outside. This state shows that where once it could survive as a state the modern state is somewhat different and has other requirements.

The modern state not only requires the controlling entity to exercise a monopoly of violence over its geographical area but it also must not invite intervention from over states and thus preserve its sovereignty. In the so called information age most states are far more transparent than they would have otherwise been making their business everyone elses business as well. The explosion in global trade and the ease of moving resources from one place to another has also intertwined states interests far from their borders. The result being that most states now are heavily interested in the stability of their trading routes and destinations for investment. This has meant that states will intervene when they believe that their interests face some kind of threat. Methods of intervention will be aid, diplomacy or a military presence. Each one of these interventions erodes some part of the sovereignty of the state on the receiving end. In the case of military intervention another group strives to maintain a monopoly of violence either with the state or against it. Aid is significantly more subversive and can be the sharp end of diplomacy depending on the needs of the recipient state. The influence the aid donor can have over a recipient state is significant. Aid comes with a price which may be a supporting vote in an international body or preferential treatment to do with trade, either way the sovereignty of the recipient state comes into question.

The three main areas which cause a state to fail are closely related and often lead into each other. The case studies of the three Pacific states Fiji, Solomon Islands and Tonga all show how one set of factors can have a down stream effect on other factors. In Fiji the ethnic divide is exasperated by the economic difficulties facing all underdeveloped small nations. If the state was able to provide a lot more for each of its ethnic groups the reason for conflict would be less. The economic difficulties caused by

the demographic divide also enhance the ethnic problems by forcing the ruling elite to balance the economic differences between ethnic groups by favouring one over the other. In Fiji's case favouring Fijian interests over Indian interests is an attempt to give the Fijian population a larger share of the economy. Unfortunately by doing this the ethnic Fijian community began to split between those who relied on the Indian community for prosperity and those who did not. This economic meddling then affected the societal structure of the state enhancing the tribal divisions within the Fijian community forcing the state to rely more on the traditional tribal structures to maintain some sort of control. This cycle becomes a compounding process of erosion until at some point one of the interested groups within the state believes it is time to challenge the monopoly of violence. In Fiji's case this has resulted in three coups, two in the traditional sense and one that appeared as a hostage situation but as more evidence has come out appears to be more like a coup attempt. To end the cycle of the state heading towards failure the state needs to rebalance the ethnic differences and remove the conditions for conflict for the limited resources. In a very small state with very few resources this process may be difficult as the intensity of competition between parties may be too great to overcome easily.

In the case of the Solomon Islands the economic depressed nature of the state has caused a demographic problem that has broken down the traditional societal structure of much of the state. This has in turn further damaged the economic situation which again has enhanced the damage caused by the other two groups of factors. The migration of Solomon Islanders from one island to another, mainly Malaita to Guadalcanal has resulted the removal of key tribal positions within the societal structure of Malaita and

imposed a large amount of people who do not fit into the tribal structure on Guadalcanal. The competition for resources on Guadalcanal came to head with the beginning of violence by the two militia groups and eventually resulted in a forced change of government. The ease of information flow around the world very quickly set the conditions for regional wide condemnation of the events in the Solomon Islands and ultimately leading to intervention by Australia and New Zealand in an attempt to break the cycle of violence. Unfortunately the intervention has done little to break the cycle of one group of factors leading to another. For example the impact on the societal structure on both Guadalcanal and Malaita has not been addressed either has the severe economic situation in the Solomons, though plenty of foreign aid is still budgeted for the islands much of it is tied to projects that cannot occur until stability in the islands returns. In a state like the Solomon's where a majority of the state inhabitants survive on a subsistence basis the societal structure of the population becomes very important as little economic flexibility exists. Unfortunately any demographic shifting tends to severely damage the societal structure of a state, this is further enhanced by the geographic separation between islands and the lack of critical infrastructure.

In the case of Tonga the slow breakdown of the societal structure and the lack of accountability is damaging the economic viability of the state. Tonga is now so reliant on overseas aid and remittances that it can hardly be called an separate entity from its donors as these donors have a huge influence in the affairs of the state. Tonga's tiny size also detrimentally affects its ability to hold a monopoly of violence over its 169 islands. They must rely on military aid from Australia and New Zealand to provide surveillance and a presence in the remote parts of the island group. The slow decline of the societal structure

in Tonga is mainly due to the removal of key contributors to that structure by immigration to larger and more economically secure regional neighbours who can offer jobs and more economic security. The societal structure decline has also led to a rise in crime and a desire by many actors within the state to gain financial security by becoming involved in criminal activity. A small state such as Tonga simply cannot afford the checks and balances that larger states as New Zealand can. These checks and balances in a larger state are administered by an enlarged public service, note that Tonga is trying to increase savings and efficiencies by rationalising its public service. Though trying to create efficiencies in the public service is not a bad thing the problem in Tonga is that there are so few checks and balances in the government system that removing the ability further only opens the door wider for civil servants to be tempted into corruption.

For a state to fail there has to be a starting mechanism, or starting point, which enters the whole system in a spiral of destructiveness where one group of factors negatively influence another group of factors and so on until eventually the entire state collapses. It is a dynamic relationship between these factors as has been shown in the three examples and though they may negatively influence each other when things are not going so well they can also positively enhance each other when things improve. The example being Fiji which during times of reasonable economic profitability the racial tension has decreased which in turn creates a better environment for economic growth. Unfortunately all small nations suffer greatly from fortunes outside of their control so when the sugar prices fell combined with a number of successive poor harvests Fiji's economic good times were at an end.

States come and go throughout history. Currently we are experiencing the existence of small non-sustainable states in the South Pacific that are in effect almost dependencies of their larger neighbours. The influence that these larger neighbours have on the really tiny states is enough to sway their foreign policy, fiscal policy and government structure. Added to this, in many cases, these larger neighbours also provide military protection for these states. Combine the difficulties of state size with other problems such as severe poverty or ethnic competition then the scene is set for a state's failure. There is no easy solution or method of prevention other than to recognise the early warning signs and accept that some states will not make it and are destined to fail due to influences far out of their control. Provision of aid will limit the destructiveness of a states failure but will not prevent it.

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