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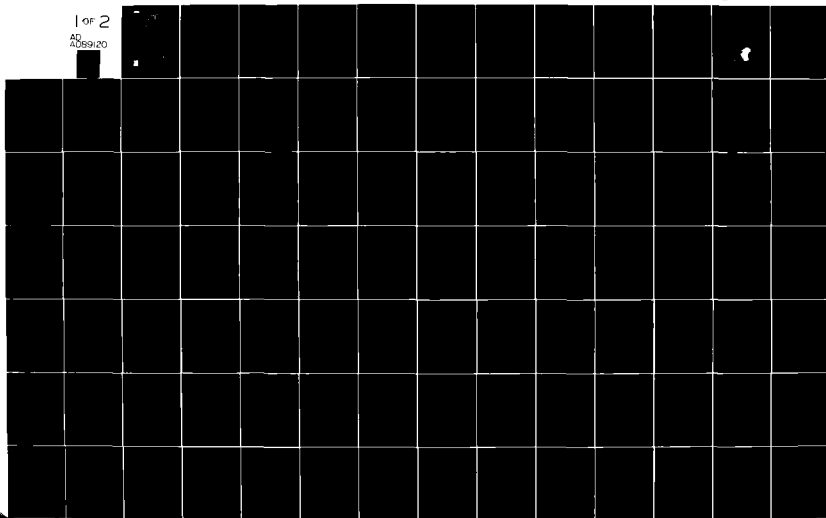
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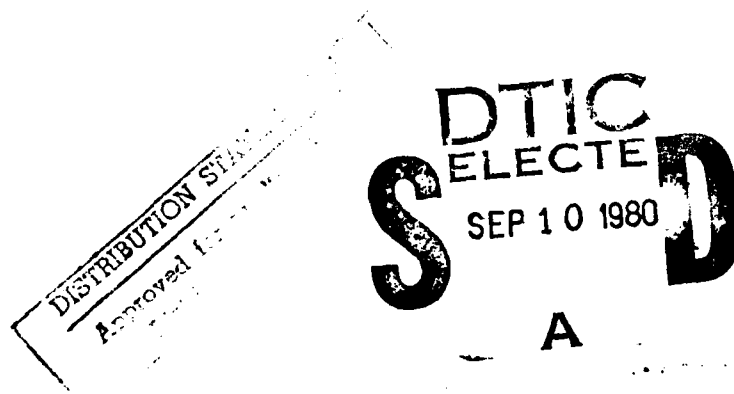
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**LEVEL** <sup>4</sup> (12)

# OCEANIA AND THE UNITED STATES

An Analysis of US Interests  
and Policy in the South Pacific

JOHN C. DORRANCE



the national defense university

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**OCEANIA AND THE UNITED STATES:**

**An Analysis of US Interests and Policy  
in the South Pacific**

by

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## FOREWORD

Oceania, the myriad island-states dotting a 25-million square mile expanse of the South Pacific, rarely commands worldwide attention. Since the historic battles of World War II, change in the area has been peaceful, local politics have been stable, and relations between the United States and the various governments have been friendly. Nevertheless, there have been recent social, political, and economic changes which suggest the desirability of a reassessment of US interests.

In this monograph, John Dorrance provides a thorough analysis of the political environment and the policy issues in the South Pacific and identifies potential destabilizing factors, such as the continuing process of decolonization. This phenomenon has implications for the region as a whole, including the several remaining US territorial possessions. The potential for some form of Soviet presence in the area in the 1980s presents another possible destabilizing element. Mr. Dorrance also discusses other issues such as: access to sea resources; changing leadership patterns and internal economic problems; proximity to strategic sea lanes; and US relations with allies on the periphery of the region. The author suggests that managing these factors will require a policy of creative partnership with the nations and peoples of Oceania.

This monograph is perhaps the first comprehensive analysis of the South Pacific from the standpoint of overall US interests, including security. Mr. Dorrance proposes that a modest investment of resources and time may enable the United States and its allies to preempt potential crises in this vast and important region.



R. G. GARD, JR.  
LTG, USA  
President

## **ABOUT THE AUTHOR**

John C. Dorrance wrote this monograph while serving as a Department of State faculty member of The National War College. Presently, he is Political Advisor to the Commander in Chief, US Air Forces, Europe. Mr. Dorrance's career in the Foreign Service began after service with the US Army in Japan and Korea. His diplomatic assignments have been in Vietnam, Fiji, Australia, Micronesia, and Jamaica. He has also held various State Department positions relating to Pacific Island, Middle East, and UN affairs. Mr. Dorrance was the first Foreign Service officer to complete the University of Hawaii's Pacific Islands Area Specialization Program. He is a graduate of The National War College and the Georgetown University School of Foreign Service, and received a master's degree in international affairs from The George Washington University. Mr. Dorrance has lectured and written extensively on US policy in the Pacific islands.

## INTRODUCTORY NOTE

This study initially was prepared at the request of the Bureau of East Asian and Pacific Affairs, Department of State. The Bureau asked that it serve not only as an analysis of our interests, policy and presence within the Pacific islands, but also as a basic brief on the character of the region. Various officers in the Department, our embassies in the South Pacific, and CINCPAC were consulted on its content and format. However, it remains a personal assessment representing the author's view of the region, of our interests, objectives and policy, and of policy implementation changes that might be in order.

Until the very recent past the Pacific Islands, except as a World War II battleground, were a colonial backwater where modest US interests required little attention. Except for American Samoa, Guam, and the Trust Territory of the Pacific Islands — the US Islands — the region was viewed as being of little concern to the US, but rather a responsibility of our allies with colonies in the area: Australia, New Zealand, Britain, and France. Benign neglect characterized our own attitude.

The decolonization cycle, however belatedly, has transformed the Pacific map. Today there are ten independent and quasi-independent states within the region, with the prospect the total will reach 16 or more by the mid-1980s. We will then be the last significant colonial presence in the area. The states of the region also have revolutionized the character of the Pacific Ocean by establishing 200-mile economic zones which interlock and overlap in a fashion which blankets most of the central and south Pacific.

These regional changes were followed, between 1976-1978, by US Government decisions to look to Australia and New Zealand to play the lead role in the South Pacific, but for the US to engage in a modest supportive role. There has been an upgrading of our diplomatic presence, establishment of small ICA and AID programs, and more active cooperation with regional institutions.

However, even the expanded US presence in the non-US islands remains extremely small relative to other regions, and to the number of independent states scattered over 25 million square miles of Pacific Ocean: two small and understaffed embassies in the islands; a two-position regional AID office administering programs which, since their inception in 1977, total \$3.3 million; a small and every uneven ICA presence; and over 400 Peace Corps volunteers scattered throughout the area. For most island states the only manifestation of our presence and interest is the Peace Corps.

Aside from the Lilliputian character of most of the region's independent states (populations range from 7000 to three million), the Pacific islands are unique within the Third World. The decolonization cycle to date has been relatively free of the more normal violence and political trauma; democracy is alive and well; the area's human rights record is without parallel in the developing world; the region remains free of crisis and great power rivalry; an important reservoir of good will exists toward the US; and the region's governments are pragmatic and friendly toward the US.

This favorable environment serves US interests relating to limited but important security concerns, the stability and development of our own territories, access to the region's resources, the security and other interests of our ANZUS allies, and US objectives within various international organizations.

However, changing leadership patterns within the region, economic problems, the possibility of violence accompanying the decolonization of the French territories in the Pacific, the probable emergence of decolonization pressures directed at the US territorial presence, and the likelihood of some form of Soviet engagement in the area all pose threats in the 1980s to the above environment — and thus to our interests and those of our Pacific allies.

Although Australia and New Zealand will continue to play the lead role in the South Pacific, our mutual interests require that we continue to expand our modest supporting role in a mutual effort to minimize the prospects for the above threats seriously impairing the present environment. The Pacific islands represent the one region of the world where we and our allies, through a modest investment of resources, may be able to preserve an uniquely crisis-free climate. An alternative hands-off strategy assuredly will result in ultimate reactive and more costly involvement.

This study thus attempts to analyze the Pacific islands environment, the character of our interests and objectives in that region, existing and potential threats, optimum policy strategies, and various issues affecting our interests and our relationships with the region. The bottom line is essentially more of the same, i.e. small increases in our role and presence supportive of our ANZUS partners in the South Pacific — but also a capability to act independently when our interests so dictate.

#### **GEOGRAPHIC SCOPE NOTE**

Although this study is directed primarily at the non-US islands of the South Pacific, any consideration of the region, including the US presence, interests, and policy, requires some reference to American Samoa, Guam, and the US administered Trust Territory of the Pacific Islands. However, discussion of these areas is limited, and does not address in detail our territorial policies or issues relating to the future potential status of the Trust Territory.

The Trust Territory and Guam are often described as being part of the South Pacific — but in fact are in the North Pacific. In this study strict geographic designations do apply, i.e. references to the South Pacific are to the islands (but not Australia and New Zealand) south of the equator.

Lastly, Micronesia is sometimes used as a synonym for the Trust Territory of the Pacific Islands. Micronesia in normal usage embraces not only that territory, but also Nauru, Kiribati (formerly the Gilbert Islands), and Guam. The latter usage applies in this study.

Oceania

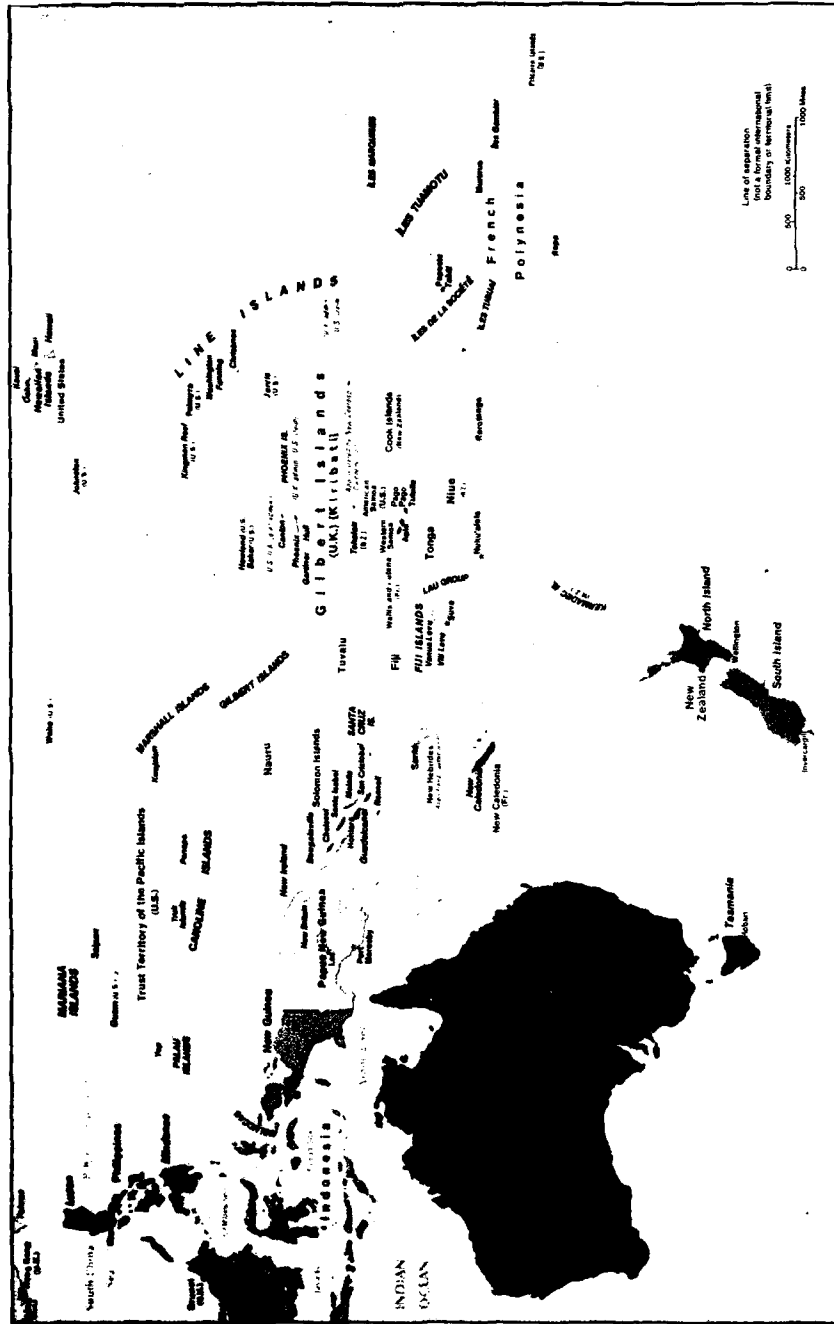


Table 1

## Pacific Islands States and Territories\*

|                            | Political Status                                          | Land Area (Sq Miles) | Population 1978 | Per Capita Gross Domestic Product            |
|----------------------------|-----------------------------------------------------------|----------------------|-----------------|----------------------------------------------|
| <i>Polynesian Islands</i>  |                                                           |                      |                 |                                              |
| American Samoa             | US Territory                                              | 76                   | 31,500          | \$ 4,961 (1973)                              |
| Cook Islands               | Self-Governing State in Free Association with New Zealand | 94                   | 18,500          | 935 (1977)                                   |
| French Polynesia           | French Territory                                          | 1,273                | 141,000         | 4,290 (1976)                                 |
| Niue                       | Self-Governing State in Free Association with New Zealand | 101                  | 3,700           | 260 (1973)<br>(per capita personal income)   |
| Pitcairn Island            | British Colony                                            | 5                    | 70              | n.a.                                         |
| Tokelau                    | New Zealand Territory                                     | 4                    | 1,600           | n.a.                                         |
| Tonga                      | Independent (1970)                                        | 272                  | 93,000          | 372 (1976)                                   |
| Tuvalu                     | Independent (1978)                                        | 10                   | 7,400           | n.a.                                         |
| Wallis & Futuna            | French Territory                                          | 99                   | 153,000         | n.a.                                         |
| Western Samoa              | Independent (1962)                                        | 1,144                | 153,000         | 306 (1976)                                   |
| <i>Micronesian Islands</i> |                                                           |                      |                 |                                              |
| Guam                       | US Territory                                              | 211                  | 90,000          | 2,266 (1974)<br>(Per Capita Personal Income) |
| Kiribati                   | Independent (1979)                                        | 266                  | 56,000          | 752 (1977)                                   |

|                                          |                                                                    |         |           |               |
|------------------------------------------|--------------------------------------------------------------------|---------|-----------|---------------|
| Nauru                                    | Independent (1968)                                                 | 8       | 7,000     | 23,570 (1976) |
| **Trust Territory of The Pacific Islands | UN Trusteeship administered by US                                  | 714     | 133,000   | 820 (1977)    |
| <i>Melanesian Islands</i>                |                                                                    |         |           |               |
| Fiji                                     | Independent (1970)                                                 | 7,126   | 607,000   | 1,260 (1977)  |
| New Caledonia                            | French Territory                                                   | 7,450   | 138,000   | 4,539 (1977)  |
| New Hebrides                             | Anglo-French admin. condominium scheduled for independence in 1980 | 4,633   | 101,500   | 816 (1976)    |
| ***Norfolk Island                        | Australian Territory                                               | 10      | 1,500     | n.a.          |
| Papua New Guinea                         | Independent (1975)                                                 | 180,274 | 2,990,000 | 585 (1976)    |
| Solomon Islands                          | Independent (1978)                                                 | 11,126  | 214,000   | 380 (1977)    |

\*Most of the statistical data provided in this table are taken from: Feleti V. Sevele and Alan Bollard, *South Pacific Economies: Statistical Summary*, South Pacific Commission Occasional Paper No. 15, South Pacific Commission, Noumea, New Caledonia, May, 1979.

\*\*Commonly referred to as "Micronesia." Trusteeship probably will be terminated in the early 1980s. On termination of the trusteeship it is anticipated that the territory will fragment into: (a) Commonwealth of the Northern Marianas in a territorial relationship with the US; (b) Palau Islands; (c) Marshall Islands; (d) Federated States of Micronesia (Yap, Truk, Ponape, Kosrae). The last three will become self-governing states in free association with the US. Under this arrangement they will be responsible for their internal and foreign affairs while the US will have full responsibility and authority with respect to security/defense affairs.

\*\*\*Though geographically proximate to Melanesia, Norfolk Island ethnically and culturally is essentially Australian. Some of the inhabitants are descendants of the Bounty mutineers.

## Section I

# THE PACIFIC ISLANDS POLICY ENVIRONMENT

### Background

Embracing some 25 million square miles of ocean, the Pacific Islands offer an extraordinary potpourri of independent and self-governing states, and of Australian, British, New Zealand, French, and American dependencies with varying political features and levels of self-government. Although the region's 20 states and territories possess about 10,000 islands and offer some 1200 languages (800 in Papua New Guinea alone), the islands are mostly uninhabited, have a total population of only 4.8 million, and a land area of just 215,000 square miles (slightly less than that of Texas). Papua New Guinea, the region's relative giant, has 84 percent of the region's land area and 60 percent of its population.

Traditionally classified ethnically and culturally as three subregions — \*Micronesia, Melanesia, and Polynesia — the area also is characterized by political, economic, and social diversity; a high level of political stability and absence of ideological conflict and great power confrontation; by limited resources; and by generally low levels of actual or potential economic development.

Yet the Pacific islands are of considerable importance to the US for a variety of reasons:

— The US is a part of the region through its presence in the area: American Samoa, Guam, Hawaii, and the Trust Territory of the Pacific Islands (the Northern Marianas, Caroline and Marshall Islands). In varying degree events in non-US islands can impact on the American islands.

---

\*"Micronesia" often is used as a synonym for the US administered Trust Territory of the Pacific Islands. The Micronesian region also embraces Guam, Nauru, and Kiribati (formerly the Gilbert Islands). In this study the latter and more inclusive usage of "Micronesia" applies.

— US military bases on Guam are essential to our national defense.

— The Kwajalein Missile Range complex in the Marshall Islands is a critical element of our strategic missile development and testing system.

— Islands in the Trust Territory offer the only feasible sites for new Pacific bases west of Hawaii in the event of loss of key defense installations in Japan and the Philippines. Conversely, our lines of communication across the North Pacific could be interdicted by hostile forces based in these islands. They must be denied to all adversaries.

— The islands of the South Pacific lie directly astride the air and sea lanes between the US and its ANZUS partners, Australia and New Zealand, and similarly must be denied to adversary military forces.

— The foreign state nearest to Hawaii is impoverished Kiribati (formerly the Gilbert Islands). Hostile forces based in these islands could pose a direct threat to Hawaii as well as to regional lines of communication.

— The Pacific is our and the world's primary source of tuna; some of the region's seabed appears to be rich in mineralization.

— An enormous reservoir of good will toward the US exists in most of the region. Although some irritants and issues exist in our relationships with the region's states, Pacific island governments generally are favorably disposed toward the US, and often are supportive of US objectives in various international organizations.

#### **The Region's Political Characteristics**

Political systems in the Pacific island in 1979 include:

— **eight independent states:** Fiji, Kiribati, Nauru, Papua New Guinea, Solomon Islands, Tuvalu (formerly the Ellice Islands), Tonga, and Western Samoa;

— **one nearly independent state:** the New Hebrides, an Anglo-French administered condominium scheduled for independence in 1980;

— **two quasi-independent states in free association with New Zealand:** the Cook Islands and Niue;

— **three French territories with limited internal self-government:** New Caledonia, French Polynesia, and Wallis and Futuna;

- **one New Zealand territory:** Tokelau;
- **one remaining British Colony:** Pitcairn Island whose population numbers less than 100 — all descendents of the HMS Bounty mutineers;
- **one small Australian territory:** Norfolk Island whose inhabitants are largely caucasian and Australian citizens;
- **two US territories:** American Samoa and Guam; and
- **one UN Trust Territory:** the Trust Territory of the Pacific Islands administered by the US.

If, as is presently anticipated, the trusteeship is terminated in the early 1980's, four new principal units will emerge: (a) the Commonwealth of the Northern Marianas in a territorial relationship with the US; (b) Palau; (c) the Federated States of Micronesia; and (d) the Marshall Islands. The latter three will each enter into a quasi-independent free association relationship with the US. See Section III for details.

The decolonization cycle in the Pacific began in 1962 with Western Samoa's independence, accelerated in the 1970s and will be nearly complete in the early 1980s. The only remaining significant dependent territories will then be those of France and the United States. Sentiment for independence exists in the French territories with the possibility that by the mid-1980s, the US will be the principal remaining colonial power. That factor could become a significant political liability for the US within the region.

Unlike Africa and Asia, the decolonization process in the Pacific islands has thus far been a peaceful venture for the most part encouraged by former colonial powers: Australia, Britain, and New Zealand. Comparatively benign colonial associations, strong trade and investment links with the former metropolises, and continuing high levels of developmental assistance have minimized traumatic change, and assure continuing close relationships between the Pacific island states and their former colonial administrators.

Exceptions to these generalizations may now be emerging. Some strains between France and the New Hebrides are part of that territory's movement to independence in 1980, while France only under considerable pressure has granted limited self-government to French Polynesia and New Caledonia. Although these territories may evolve to independence on the Francophone Africa pattern in the 1980s, the process could be characterized by considerable political turmoil and some violence.

In the North Pacific, negotiations between the US and the Trust Territory's leaders directed at termination of the trusteeship in 1981 have been a slow and painful process and are now in their tenth year. Changing positions on both sides and uncertainties about each other's good faith and ultimate intentions have produced an adversary climate. Relationships between the US and the islands are likely to be difficult well beyond termination of the trusteeship — which may be off-schedule and after 1981.

Despite these and other problem areas, a number of features shared by most states within the region foster a degree of political tranquility and stability unique to the developing world.

— In most states conservative traditional values, a consensus approach to decisionmaking, a strong sense of communal social obligation, and cultural restraints (other than in certain parts of Melanesia) on conflict and confrontation in human relations together encourage political moderation and pragmatism, and resistance to radical change and ideologies. These tendencies are reinforced by the strong church orientation of island societies. Many are devoutly Christian to an unparalleled degree.

— Communist and other radical influences presently range from non-existent to minor nuisance value within most of the region. The Pacific islands thus far have not had to contend with internal ideological conflict, significant political violence, or great power confrontation. Political parties are non-existent in most areas. Where they do exist, they tend to be shifting coalitions based on personal alliances to political leaders, and have little ideological content. Exceptions include parties in the French territories which focus on the issue of their future political status, and in Fiji where party alignments are essentially racial.

— Western parliamentary institutions have been successfully grafted on to traditional leadership/political systems. Democracy is alive and well, coups and revolutions are unlikely, and the region as a whole boasts a human rights record unmatched elsewhere in the developing world.

— Most of the region's governments and political leaders, recognizing the limitations imposed by size, weak resource bases, and geographic isolation, focus their international activity on regional cooperation and seek no role on the world stage. Exceptions are Fiji and possibly Papua New Guinea.

— The region's independent states share and value Commonwealth links, and continuing close ties with Australia, Britain and New Zealand.

— Although there are sizeable non-Pacific islander communities (Australian, New Zealander, American, Chinese, French, and Indian) in various states and territories, race relations (with some exceptions discussed below) are on the whole reasonably harmonious.

Such threats to stability as do exist within the region are by and large presently non-ideological, e.g., economic stagnation and other developmental problems, tribalism and other centrifugal forces in Papua New Guinea, pressures for more self-government or independence in French Polynesia and New Caledonia, and the racial composition of Fiji's and New Caledonia's societies. These and other threats are discussed in detail in Section I.

### **Economic Characteristics and Assets**

Although the Pacific Islands as a whole are among the lesser developed and least endowed nations, they do possess some natural resources important to us and to our Pacific allies — principally Australia, New Zealand and Japan.

— Much of the world's annual tuna catch is taken from the Pacific Ocean — 90 percent from the 200-mile exclusive economic zones of the region's states and territories. Some seabed areas are rich in minerals, particularly manganese nodules.

— One third of the world's nickel reserves are in New Caledonia, which also has rich but largely unexploited chromium deposits.

— Massive copper deposits in Papua New Guinea are a principal source of that metal for Japan and Australia, while tremendous hydro-electric power potential offers prospects for industrialization.

— Known but largely unexploited deposits of natural gas, petroleum, manganese, bauxite, gold, lead, zinc, coal, and iron exist in varying degree in Papua New Guinea, the Solomon Islands, the New Hebrides, and Fiji.

— Japan's, Australia's, and New Zealand's principal source of phosphate is the miniscule Republic of Nauru.

Even with these assets, the Pacific Islands with few exceptions share weak resource bases, limited development potential, unique structural weaknesses (which in some instances are insurmountable), and extreme vulnerability to global economic change. Yet enormous differences also exist between sub-regions and even neighboring states and territories.

The Polynesian sub-region (Western Samoa, American Samoa, Tonga, Cook Islands, Niue, Tokelau, Tuvalu, Wallis and Futuna, and French Polynesia) has no significant mineralization, and consists mainly of coral atolls and small volcanic islands. Its resources are limited primarily to the ubiquitous coconut palm, from which copra and coconut oil are produced and exported, some tourism, and tuna in the surrounding seas. Populations are small — ranging from 1,600 in Tokelau to 153,000 in Western Samoa, and average only 55,000. With the exception of American Samoa, French Polynesia, and the Cook Islands, (which receive sizeable budgetary grants from the US, France, and New Zealand respectively) all have per capita national incomes of well under \$500. Those of American Samoa and French Polynesia are above \$4000 while that of the Cook Islands is nearly \$1000. Aside from tourism in French Polynesia, the two Samoas, and the Cook Islands, the only significant non-agricultural activities are tuna processing in American Samoa (which currently exports some \$120 million annually in frozen and tinned tuna), government employment, and various services in French Polynesia supportive of France's nuclear test center in those islands.

The Micronesian sub-region (Trust Territory of the Pacific Islands, Guam, Kiribati, and Nauru) is similar to Polynesia. Its small populations inhabit scattered atolls and small volcanic islands with little mineralization. An exception is Nauru whose eight square miles and 7,000 people are blessed with phosphate deposits which provide a per capita national income of nearly \$25,000, and qualification as the world's wealthiest (if also smallest) nation. Kiribati, Hawaii's nearest foreign neighbor, with nothing but the surrounding seas and densely-populated atolls with no tourism appeal, has by way of contrast a per capita national income of \$752. The latter is generated mainly by interest on revenues from now depleted phosphate deposits, grants from Britain, and copra exports. Guam is a miniature Hawaii, thriving on Japanese tourism, US defense expenditures and related employment, and US federal programs. The Trust Territory of the Pacific Islands, with little to offer other than very limited tourism appeal and some marine resources, depends almost exclusively on massive US subsidies — now in the neighborhood of \$150 million in budget support grants and federal program expenditures for a population of only 133,000.

The Melanesian sub-region (Fiji, New Caledonia, New Hebrides, Solomon Islands, and Papua New Guinea) — in major contrast to Micronesia and Polynesia — has no states or territories with less than 100,000 inhabitants. Fiji's population is 607,000 while that of Papua New Guinea is nearly three million. The resource base includes large

continental islands mixed with smaller volcanic islands and atolls. The continental islands in some instances are rich in mineralization, e.g., copper, nickel, and bauxite. Relatively large land areas and populations make feasible large-scale commercial agriculture, e.g., sugar in Fiji, coffee and tea in Papua New Guinea, and rice in the Solomon Islands. Tourism potential is high in Papua New Guinea and Fiji, while the resource base of several, especially Fiji and Papua New Guinea, permits considerable economic diversification — including a modest industrial and manufacturing sector. Melanesia's tuna resources support canneries and freezing plants in Papua New Guinea, the Solomons, New Hebrides, and Fiji. New Caledonia's economy centers on nickel mining and processing, and provides to the French colon community one of the world's highest living standards. However, most of the indigenous Melanesian population remains engaged in agricultural activity and benefits little from the mining economy.

Melanesia's resource advantages are offset in Papua New Guinea, the Solomons, and the New Hebrides by the extreme primitiveness of their populations, a weak physical infrastructure, and inadequate capital to develop quickly the latter.

Together with the above diversity, much of the region shares a host of common economic features.

— Aside from high levels of subsistence agricultural activity and external assistance, the economies of most states and territories are heavily dependent on the export of a narrow range of primary products subject to severe demand and price fluctuations: copra and coconut oil (most of the region); sugar and ginger (Fiji); coffee, tea, and copper (Papua New Guinea); nickel (New Caledonia); processed tuna (Papua New Guinea, Solomons, New Hebrides, Fiji, American Samoa, and Trust Territory of the Pacific Islands); citrus fruit (Cook Islands); gold (Fiji and Papua New Guinea); palm oil (Solomons); timber and wood products (Fiji, Solomons, and Papua New Guinea); and phosphates (Nauru). As previously indicated, tourism is of some importance in a few areas — especially French Polynesia and Fiji. For most of the area development and control of marine resources, principally tuna, offers the only major potential new source of national income.

— Throughout the region foreign capital (mainly Australian, British, and New Zealand in the South Pacific, French in the French territories, and American in the US islands) tends to own or have dominant equity in the banking, timber, mining, tourism, industrial, and manufacturing sectors, and in most of the major trading companies. Japanese and American capital dominates the tuna processing industry in most areas.

— All are heavily dependent on imports for nearly all processed food stuffs and manufactured goods. Most have a non-existent or limited industrial base and massive trade imbalances financed by external assistance.

— Extreme geographic isolation from both markets and suppliers, coupled with inadequate and expensive air and sea transportation links, impacts harshly on the competitiveness of island exports and the cost of imports.

— Trading patterns tend to reflect historical ties with metropolitan countries, though this is now less true of exports. The region as a whole consistently records large deficits in commodity trade, which in 1977 mounted to an estimated \$640 million. Intraregional trade is small, probably less than two percent of the region's overall trade flow; a substantial proportion is accounted for by Fiji which has traditionally been active in re-exporting to neighboring island countries.

— For most, miniscule size and the fragmentation of land mass and population makes prohibitive in cost terms the establishment of any but the most minimal of economic infrastructure and social services.

— In many areas population growth, reinforced by inflation and expanding consumerism, is outstripping what is at best marginal economic growth. Although Fiji, Papua New Guinea, and the Solomons have displayed impressive economic growth trends over the past ten years, per capita growth has been either static or in decline in many of the smaller states, e.g., Western Samoa, Tonga, Tuvalu, and Kiribati. Elsewhere, but especially the French territories, the Trust Territory of the Pacific Islands, and American Samoa, growth rates have been artificial, i.e., primarily a function of expanding subsidies from France and the US.

— With some exceptions the islands have poorly educated, inexperienced, and understaffed civil services. This factor alone significantly limits absorptive capacity vis-a-vis needed developmental assistance.

— With a few exceptions the Pacific Islands are massively dependent on external assistance for both development and budget support. Only three, Papua New Guinea, Fiji, and perhaps the Solomons, have potential for diversified economic growth to the point where external assistance will no longer be essential to national survival. The rest, except for super-rich Nauru, are likely to remain permanent aid recipients.

Compounding the above problems, serious developmental efforts and significant aid flows began in the South Pacific only in the 1970s. To all practical purposes the region is at least a decade behind much of the rest of the developing world. Moreover, some international financial institutions and other donors are unprepared to adopt simplified procedures for processing the relatively small grants and loans essential to the region's development.

The extent of foreign aid flows into the region is difficult to measure because of incomplete data and problems of definition. However, the available information suggests an inflow of well over \$900 million, or nearly \$200 per capita, in bilateral and international financial institution assistance in 1978. Most is in the form of grants, with the major donors being (in order) Australia, France, the US, Britain, and New Zealand. Other donors include West Germany, Japan, Canada, the ADB, IMF, UNDP, IBRD, and the EEC. Although the total is impressive it is misleading owing to extreme imbalances in distribution. While France and the US contribute slightly over one-half, nearly all of that amount is in budget support grants and program expenditures in French and US dependencies having a total population of only 907,500 (i.e., 19 percent of the region's population receives about 56 percent of currently available assistance). Another quarter of the total, about \$270 million, is from Australia to Papua New Guinea.

On present indications foreign aid for the region is likely to continue to grow, albeit at a slower rate than in the recent past, and to become more diversified by donor. See Section III for detailed discussion of developmental assistance.

Since the 1973 oil shock triggered a world-wide price spiral, the dependent economies of the Pacific region have faced unusually high rates of inflation. In 1974, the average rate of inflation for the region was 18 percent. Not a single country experienced price increases of less than 12 percent, with some reaching rates of over 22 percent. Since 1975, however, price increases have moderated in reflection of the general world trend to levels of just under 10 percent (1977). There are several notable exceptions where the inflation rate appears still to be running high, examples being the Cook Islands, Niue and Tonga — all of which have strong trade links with New Zealand. Undoubtedly the 1979 OPEC oil price increases will trigger another inflationary spiral.

Beyond these problems, either unique to the South Pacific, or unique in their degree, the region also has a range of somewhat unique strengths.

— The political environment not only is relatively stable, but South Pacific leadership is realistic vis-a-vis developmental possibilities and generally reluctant to move in directions which will increase reliance on foreign assistance. Foreign investment is encouraged.

— Although urban drift and accompanying unemployment pose social and economic problems, abject poverty generally remains absent. Ample traditional food supplies, a high level of traditional subsistence agriculture, and strong kinship systems assure some economic resilience.

— Most island states have not yet acquired significant external debt service burdens.

— Corruption is comparatively absent in both the public and private sectors.

— More than three-fifths of the region's population is located in the two states (Papua New Guinea and Fiji) with sound developmental potential and impressive economic growth rates.

— Effective development and management of the region's marine resources over the longer term may reduce (but not eliminate) regional dependence on external assistance.

#### **Characteristics of Pacific Islands Societies**

With some exceptions (e.g., Guam) the peoples of the Pacific have clung to the essential elements of their traditional cultures. Their societies are village and church oriented, and for the most part remain engaged in agricultural activity — usually a mix of traditional subsistence agriculture and cash-cropping or plantation production for export. For most islanders social and political horizons are a small island, or a small area of a larger island mass. Loyalties are to the extended family unit, the church, the village, and (in Melanesia) a larger clan or tribal unit.

Urban areas are small and few: Agana (Guam), Suva (Fiji), Port Moresby (Papua New Guinea), Apia (Western Samoa), Noumea (New Caledonia), and Papeete (French Polynesia), are the only true cities. Most other urban areas are little more than country towns or overgrown villages. The major urban areas are also the capitals and main ports.

Levels of education and sophistication vary widely, but are highest in the American areas, Fiji, and parts of Polynesia. They are at their lowest in Melanesia, especially Papua New Guinea where

illiteracy is the rule, and much of the population is a generation or less removed from a stone-age life. Universities in Guam, Papua New Guinea, and Fiji service the area, but are academically weak.

The racial/cultural/linguistic characteristics of the region vary enormously. The Polynesian states share similar languages and cultures, and close kin ties. The sub-region as a whole is homogeneous, with some non-Polynesian residents — mainly Chinese, French, Australian, and New Zealand. Inter-racial unions and persons of mixed race ancestry are common.

The Micronesians, though sharing essentially common ethnic origins, have vastly different languages and a number of sub-cultures — including some with strong Polynesian influences. The largest non-indigenous group is American — an essentially transient presence in the Trust Territory. The latter also displays strong Japanese cultural and ethnic influences in some areas. Guam and the Northern Marianas group of the Trust Territory additionally were ethnically and culturally influenced by a long-term Spanish presence, while there is a large US military community in Guam.

Fiji's population is racially the most complex. About 52 percent is Indian, mainly engaged in sugar production, services, the professions, retail trade, and the industrial sector. The indigeneous Fijians (an ethnic/cultural mix of Polynesian and Melanesian) are about 44 percent of the population, while the balance is composed of Europeans, Chinese, other islanders, and persons of mixed-race origins. The Fijians dominate the nation's political life, control about 83 percent of the land and for the most part are engaged in agricultural pursuits.

Melanesia's populations, with the exception of New Caledonia, remain largely indigeneous. All are a highly heterogeneous mix of differing if related cultural, linguistic and tribal units. Papua New Guinea has a large if mainly temporary Australian presence in government employment on contract and in the private sector. The New Hebrides has a small but economically important French community engaged in commerce and plantation agriculture.

As with Fiji, New Caledonia's indigenous Melanesian population is a minority — about 40 percent. A French colon community, about 40 percent of the territory's population, dominates the political and economic life of the island, and controls the best land. The remaining 20 percent, mainly migrants from other islands and those of mixed-race origins, tend to ally themselves politically with the French colons against the indigenous Melanesians who for the most part remain engaged in agricultural activity or unskilled labor.

### **Key Leadership, Cultural, and Ideological Factors**

As elsewhere, certain leadership and cultural/social characteristics are important considerations in formulating and implementing policy. Within the South Pacific the following are the most critical. Though not necessarily unique to the area, they are unique in their degree of relative importance.

Decisionmaking at all levels, including national and regional, normally is a slow and deliberate consensus process. Intuitively cautious about change and new directions, and uncomfortable with the divisions and conflict inherent to decisions by vote, islanders tend to avoid action on important questions until most involved fully comprehend and are supportive of a course of action. The reluctance of islanders to affront others, or to place themselves in conflict situations, also more often than not assures an absence of follow-up action by a "maybe" response where a direct "no" would suffice in other societies. In the conduct of relations and policy context, these traits make counter-productive hardline pursuit of controversial objectives, or efforts to play one group of leaders off against another. Patience, gentle persuasion, and careful education are by far the most effective diplomatic tactics.

The independent Pacific Islanders are hypersensitive regarding their sovereignty — and quick to perceive threats or slights (a characteristic reinforced by the smallness and vulnerability of their nations). Some of our current problems in the Pacific clearly arise from pique based on perceptions of US inattention and slights.

At the national level (as against regional), decisionmaking on many foreign policy questions, great and small, sometimes falls outside the consensus process. A tendency toward weak or nearly non-existent foreign affairs establishments effectively assures heads of government a free hand — unless there are associated important domestic facets. This factor reinforces the importance of giving particular attention to cultivation of the region's heads of government.

Although the present generation of leaders is tradition-oriented and conservative, a new generation of leaders is emerging. The latter are more sophisticated, possibly somewhat less moderate or conservative, willing to experiment with change, in some cases more prone to demagoguery, and thus more difficult to deal with. Nonetheless, by Third World standards, these new leaders will by and large still be relatively pragmatic given the practical limitations of their environment. While it may be stating the obvious, the degree to which this trend may adversely affect our interests within the region will be determined not only by the pace of economic development over the

next five years or so, but even more by the perceptions of the new political elite of the character of US interest and involvement in the area.

### **South Pacific's Foreign Relations**

The miniscule and impoverished character of most of the South Pacific's independent states, their isolation from the Third World mainstream, the absence of traumatic strains in the decolonization process, relative conservatism, the absence of ideologically motivated political groupings, and heavy reliance on grant aid from their former colonial masters have together assured a low-profile in international affairs and other characteristics unique to the region and its needs.

At a bilateral level, most give first priority to Australia and New Zealand whom they accept as regional partners and look to for most grant assistance. Their foreign policies thus are influenced in some degree by Canberra and Wellington.

All also attach importance to their relationship with the US, although diplomatic contact is at a far lower level than with Australia and New Zealand. Most also retain close links with Britain which continues to provide budget and developmental support to its former dependencies. All retain commonwealth ties.

Papua New Guinea's common land border with Indonesia's West Irian provides that nation with a geographic link to Southeast Asia, although it considers itself a Pacific rather than Asian nation. However, sporadic border incidents arising from West Irian's smoldering rebellion against Jakarta do prompt Papua New Guinea to give particular attention to its bilateral relations with Indonesia.

Although Papua New Guinea has not yet sought ASEAN membership, it does regularly participate in ASEAN meetings as an observer, sees itself as a bridge between Asia and the Pacific, and has more in common — at least with respect to size, and development potential and needs — with its ASEAN neighbors than with the Pacific islands.

The focus of multilateral relations (indeed of most foreign affairs activity within the region) has been on regional development and cooperation through the South Pacific Forum and its subsidiary organ, the South Pacific Bureau for Economic Cooperation (SPEC). The Forum, whose membership consists of the region's independent and self-governing states, plus Australia and New Zealand, operates as a closely-knit heads of government club much like ASEAN, though even

more informally and often more effectively with respect to establishment of regional positions on both regional and global issues. SPEC operates as the Forum's secretariat and also as a development coordinating organ — including management of a regional shipping line.

A parallel but non-political regional organ is the South Pacific Commission, established by the region's colonial powers in 1947 as an advisory and consultative instrument for territorial economic and social development. Its membership today consists of the remaining administering authorities (Australia, New Zealand, Britain, France and the US) plus the region's independent and self-governing states. The Commission's assembly — the South Pacific Conference — also includes the region's remaining dependent territories and thus is the only organization embracing all political units in the Pacific. The colonizers and the colonized, the independent and the dependent have equal representation. The Conference has evolved to the point where it has effective control of the South Pacific Commission's budget and programs — but the latter and the Conference's agenda remain confined to economic and social development matters and are further restricted by the organization's \$3 million budget. South Pacific states tend to view the Commission and Conference as primarily a technical cooperation institution while the Forum serves as the region's principal political and developmental organization.

Yet another regional organization, the South Pacific Forum Fisheries Agency, is presently being organized. Its membership, identical to that of the Forum, seeks to coordinate control and development of the area's fisheries resources. The Forum also proposes establishment of a related South Pacific fisheries organization which could include Japan, the US, and others with fisheries interests in the area. See Section III discussion of fisheries issues for further detail.

In all of these groups, Fiji and Papua New Guinea have played the key leadership roles, although regional leadership and national rivalries, coupled with differing outlooks on some fundamental issues, prompt the emergence of informal sub-regional groupings, e.g., Polynesia's smaller states with Western Samoa playing a leadership role in that context.

At the global level, the region's independent states have thus far declined to join the non-aligned movement. They view the latter as only another alignment and one not relevant to the region's issues and interests. Four South Pacific states, Fiji, Papua New Guinea, Western Samoa, and the Solomons, have joined the UN. Several more probably will in the next few years. Papua New Guinea and Fiji in particular have been active, but moderate and pragmatic, not only in

the UNGA and G-77, but also in other international organizations, conferences and groupings, e.g., ESCAP, UNCTAD and the Lome Convention's ACP group. In most areas they have been supportive of US interests and positions, but generally have sought to avoid enmeshment in the East-West conflict.

Fiji aspires to a modest leadership role among Third World moderates. It consequently seeks to hold office in various organizations (e.g., Fiji assumed the Chairmanship of the first ACP group meeting, and has hosted subsequent meetings of that group), has contributed a contingent to the UN's Lebanon peacekeeping force, is the headquarters site for most international organizations having South Pacific regional offices, and is a leading candidate for an International Seabed Authority headquarters site.

However, there now appears to be a new regional trend to somewhat closer rhetorical identification with some of the more extreme Third World positions on such issues as decolonization. This development is a function not only of increasing self-confidence and contact with the Third World, but also of the emotional needs of very dependent states to be seen as independent. This shift in balance, thus far more rhetorical than substantive, may also reflect pique over a perceived absence of tangible benefits from past identification with the US on a range of decolonization and other issues, the gradual emergence of less conservative younger leaders more attuned to Third World attitudes, and misperceptions about US relationships with its Pacific dependencies. Still another factor, and perhaps the most important in the longer term, is the accelerating displacement of expatriate foreign affairs advisors by indigenous staff in island governments.

#### **Political and Economic Viability of South Pacific Nations**

The relative tranquility of the region to date is in large part a result of the almost total isolation, until the 1970s, of its peoples and leaders from global political and ideological trends and pressures.

Absence of travel, tertiary education, communications, and media contact with the "outer world" assured that tradition and church-oriented islanders accepted without question subsistence economy lifestyles. But the introduction of mass education (including university education for other than a few elites), urban drift, emerging population pressures, and above all, media, diplomatic, and other links with the outside world, are establishing far higher levels of economic expectations and new political tensions.

At issue is whether the small nations of the region are politically and economically sufficiently viable to cope with these pressures.

By most traditional definitions, only two countries in the South Pacific, Fiji and Papua New Guinea, have the land mass, population, economic diversification, and development potential to be considered significant "states." Even these two suffer from such high levels of ethnic, cultural, and linguistic pluralism as not to qualify as "nations" in the traditional sense. Nonetheless, most of the peoples of the South Pacific — far more so than in Africa — do identify with their island states and take great pride in their independence. From this point of view most are politically viable — particularly the smallest states which, unlike the larger, have highly homogeneous ethnic and cultural foundations. However, the smallness of these states, the fragility of their societies, and the lack of sophistication of much of the current leadership, make them extremely vulnerable to external influences.

At the international level most of the island states, given their size and modest human and fiscal resources, cannot play a full sovereign role through international organizations or sustain a wide range of active bilateral relationships. Even Fiji and Papua New Guinea engage in international affairs on a highly selective basis.

For economic survival most of the region must rely on the generosity of donor institutions and governments even for the maintenance of the most rudimentary public and social services. In part, the political viability of the region's governments will be determined by popular perceptions of their ability to extract foreign assistance at levels and of a character sufficient to satisfy rising expectations. But even with external assistance, most of the region's states cannot individually cope in isolation with such region-wide problems as security, control and protection of marine resources, regional transportation and communications requirements, and tertiary and technical education needs.

Although the island economies are not complementary, the commonality of basic problems and the advantages of scale, not only in development but also in diplomacy, have prompted the states of the region to cooperate with each other and deal with the outside world through a level of regionalism unparalleled elsewhere in the Third World. Noteworthy are the establishment of regionalized university and technical education facilities, shared medical services and institutions, a regionally supported shipping line, common marketing arrangements for some products, and common research projects related to marine resources and other developmental concerns. The

South Pacific Forum, South Pacific Bureau for Economic Cooperation and the South Pacific Commission have played the lead role in establishing most of these arrangements.

At the political level, the region's states have attempted with considerable success to cope with outside forces and regional problems by establishing common positions at South Pacific Forum heads of government meetings. Important issues dealt with in this fashion have included French nuclear testing and proposal of a South Pacific Nuclear Free Zone, coordinated establishment of 200-mile exclusive economic zones, other LOS questions, establishment of regional shipping services, positions to be pursued in the North-South dialogue by governments attending UNCTAD, CIEC and ESCAP meetings, the Soviet presence in the region, decolonization, and establishment of a regional fisheries agency.

Inevitably leadership rivalries and suspicions, and differing perceptions of regional, sub-regional, and national needs have at times strained regional links and thus impaired regional cohesion and cooperation.

In particular, Western Samoa and some of the other smaller states resent the regional leadership role assumed by Fiji, and more recently by Papua New Guinea. This resentment is exacerbated by personality clashes, and by a belief that the region's Melanesian "giants," Fiji and Papua New Guinea, are insufficiently interested in the special problems of the micro-states. These feelings are also reinforced by the ethnic, cultural, linguistic, and family ties of the constellation of small Polynesian states in the central South Pacific: Western Samoa, Cook Islands, Tuvalu, Tonga, and Niue.

Taken together these cracks in regional cohesion point to the possible emergence of regional cooperation at two levels: (a) continuing cooperation at the full regional level through existing institutions with respect to region-wide and global issues; and (b) establishment of new sub-regional groupings and perhaps new sub-regional institutions.

These latter groupings, with essentially common ethnic, cultural, and geographic links, are most likely to be: (a) the larger Melanesian states in the southwest Pacific (Papua New Guinea, Solomons, New Hebrides, and Fiji); (b) the small geographically proximate central Pacific Micronesian states which presently make up the Trust Territory of the Pacific Islands, plus Nauru and Kiribati; and (c) the small Polynesian states of the central south Pacific: Western Samoa, Tonga, Cook Islands, Tuvalu and Niue — plus American Samoa and French Polynesia.

Such new regional arrangements may be inevitable, logical, and productive — but also could be resented by the region's present leaders, Papua New Guinea and Fiji. A policy problem for the US is that suspicions already exist in regional leadership circles that the US may be encouraging a Polynesian "breakaway" movement as part of a divide and rule strategy intended to serve US interests within the region.

A further strain on regional cohesion and cooperation is the somewhat competitive character of relationships between the South Pacific Forum and South Pacific Bureau for Economic Cooperation on the one hand, and the South Pacific Commission and Conference on the other. Although only the former deals with political issues, both engage in developmental and technical cooperation activities, maintain staffs performing overlapping functions, and compete for funding and sponsorship of projects. The independent and self-governing states look upon the Forum as their organization, and on the Commission/Conference as being essentially a creature of the colonial past.

The resultant competition and overlapping of some functions has at times led to rather brusque exchanges, and a current debate within the region on means to mesh or marry the two organizations, or at least define their respective turfs.

Whatever may happen, several principles apply which must be taken into account in US policy formulation.

— Both groups of organizations are essentially regional institutions serving regional needs; the US is a non-player in one and only one of many players in the other. Initiatives for change should come from within the region rather than from us, although our views will be solicited, and our support deemed important.

— To the extent the present situation remains unchanged and the organizations compete for projects and project funding, there is little doubt that projects of major importance to the region, and which have political content or importance, will for the most part be absorbed by the Forum and SPEC. But again these are issues to be decided within the region, and our interests will best be served by heeding the wishes of the key regional players.

— Nonetheless, the South Pacific Commission is the only regional organization which we presently belong to, and thus is important vis-a-vis US participation in regional cooperation efforts. It is in the region's and our interest to assure that any fundamental changes in the structure of regional organizations continue to provide the US with an institutional link into the region.

It is difficult to imagine, short of global conflict, a significant external security threat to the territorial integrity, viability, or stability of any of the Pacific island states and territories. Moreover, none have territorial ambitions or capabilities sufficient to threaten seriously each other, and none (except Papua New Guinea) are burdened with the frictions that arise from shared land boundaries. Aside from region-wide economic problems, such threats as do exist are largely internal and mostly non-ideological.

— Racial divisions coupled with land distribution problems in Fiji provide a potentially explosive element in domestic policies. Violence between the various communities has occurred in the past and could erupt again should the delicate political balance come unglued — especially during a period of economic depression. The Fiji military forces probably could cope with such communal violence. Although some trade unions are led by radicals, this does not appear to be a major near-term threat.

— Centrifugal forces operate in Papua New Guinea and prompt regional separatist movements. There also is endemic tribal violence. Both threats can be handled by Papua New Guinea's police or defense forces, but separatist problems in the longer term will continue to require political solutions.

— There is some risk that independence in the New Hebrides will be followed by violence between the two major political factions, and that this could include attacks on white plantations and businesses (largely French).

— The racial balance, native land grievances, and indigenous population pressures in New Caledonia for greater participation in that territory's political processes offer up a brew that could lead to clashes between French colons and Melanesian nationalists. French forces probably could not completely prevent sporadic violence, but Melanesian nationalist forces also would be unable to sustain insurrection. In these circumstances, continuing instability is likely to force a political solution. The French Government maintains that an early French disengagement would mean establishment of a Pacific Rhodesia, i.e., French colon control of an independent New Caledonia. The French therefore argue that independence must be preceded by reforms which will bring the Melanesians into the territory's political and economic life. The Melanesians argue that the French colons must leave (as many indeed are doing), or remain on Melanesian terms. Should violence break out, regional stability could be affected as Papua New Guinea, the New Hebrides, and other island states would lend political and possibly more tangible support to New

Caledonia's Melanesian population in any "liberation" struggle. US and ANZUS relationships with the region would be affected by regional perceptions of support or the lack thereof for New Caledonian decolonization. Given the above potential problems and French leftist influences on some Melanesian leaders, some Australians believe New Caledonia may become "Australia's Cuba." More likely, however, a political compromise will be found and New Caledonia in the 1980s will become independent on the Francophone Africa pattern — as may French Polynesia.

— Strong sentiment for independence has existed for more than 20 years in French Polynesia, but tends to wax and wane dependent on French political concessions in the area of local autonomy, the level of French subsidies, and the level and character of nuclear testing in that territory. Despite some recent violence by radical fringe elements, the political situation presently is reasonably quiet but remains volatile and could change quickly. As with New Caledonia, Paris has recently hinted that it might be willing to consider French Polynesian independence at some future date. Also as with New Caledonia, regional leaders are sharply critical of France's reluctance to satisfy French Polynesian pressures for autonomy or independence, and there is an increasing tendency in leadership rhetoric to draw few or no distinctions between the French and US territorial presence in the area. Looking into the 1980s independence on the Francophone African pattern seems likely, with continuing French subsidies, and perhaps arrangements for continued underground nuclear testing.

— As indicated earlier, the West Irian/Papua New Guinea border situation is potentially explosive. Should a future Indonesian government undertake to extend its influence into or control over Papua New Guinea, or engage in serious military operations in Papua New Guinea a la the American excursion into Cambodia, tacit Australian security commitments to Papua New Guinea could come into play. The latter could in turn trigger US commitments under ANZUS. A reverse situation, support by Papua New Guinea of the West Irian rebellion, could trigger retaliatory Indonesian military and political action.

— American Samoa and independent Western Samoa were politically separated by turn of the century colonial decisions in Washington and Europe. Western Samoan leaders today, though maintaining good relationships with American Samoa and the USG, make no effort to conceal their belief that the two Samoa's should be reunited as a single independent state — governed from Apia, the capital of Western Samoa. They have not yet pressed the issue in the

UN or elsewhere, and most American Samoans have no interest in such a change of status. Aside from their pride in their American link, such a change would inevitably result in a sharp decline in living standards. The American Samoans, with only a sixth of the total population of the two Samoas, and with a lesser status in traditional leadership patterns, also fear they would have second-class status in any political union. These sentiments may change over time. A large and expanding proportion of American Samoa's current population is of Western Samoan origin. Moreover, a small but increasing number of younger American Samoans favor a unified, independent Samoa.

For now, Samoan irredentism, though having an emotional hold on many Western Samoans, is no more than an occasional irritant in our relationships. It would become more than that should the Western Samoans pursue the matter seriously in the UN or elsewhere while a majority of American Samoans remained opposed to union. Should American Samoan sentiment reverse itself, there would be no American interest in blocking union.

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In the final analysis, the South Pacific's political and economic viability, and its stability, will continue to relate most directly to: (a) the adequacy of external assistance to satisfy both developmental and budget support requirements; (b) a continuing absence of ideological conflict and great power rivalry or confrontation; (c) continuing moderation and pragmatism on the part of the region's political leaders; (d) the ability of the smaller states to achieve economies of scale through the interdependence of regional cohesion and cooperation; (e) French responsiveness to decolonization pressures in New Caledonia and French Polynesia; and (f) over the longer term, evolution of satisfactory political relationships between the US and the American islands — including the Trust Territory in the post-trusteeship period.

### **Third Party Interests and Activities in the South Pacific**

**Australia and New Zealand** — Australia's and New Zealand's geographic proximity, economic ties, past colonial relationships, economic assistance programs, shared strategic interests and concerns, and (in the case of New Zealand) cultural and ethnic links have assured to them some acceptance as regional partners, and a dominant external influence role in most of the South Pacific. Their respective grant aid programs presently total over \$300 million annually; the two also are the South Pacific's major trading partners and sources of private capital investment. Well over one-third of Australia's and New

Zealand's total foreign investment is in the islands, mainly Papua New Guinea and Fiji. The negative side of this relationship is some island state resentment of Australia's and New Zealand's near total dominance of the economic life of most of the region's states through ownership or equity control of some of their major plantations, and of nearly all of the major trading, mining, and industrial enterprises in the islands.

A corollary concern is that a sharp deterioration in the economy of either (a possible threat in New Zealand) and resulting cutbacks in South Pacific aid programs could significantly impact on regional development and stability.

Australia's and New Zealand's primary concerns in the South Pacific area are: (a) the possibility that a radical and adventuristic government in Jakarta could revive Sukarno-era territorial and political ambitions directed at Australia's northern neighbor, Papua New Guinea; (b) centripetal forces could lead to political instability in Papua New Guinea and threaten Australian economic and political interests in that country; (c) French intransigence accompanied by violence in New Caledonia could prompt the emergence of "Australia's Cuba" in that territory; and (d) shortfalls in necessary external assistance flows to the area could assure instability, island state acceptance of Soviet blandishments, and consequent establishment of a Soviet presence in the region. For all of these reasons Australia and New Zealand press the US to play a more active role in the South Pacific. Their interests, objectives, and roles in the region are addressed at greater length in Section III.

**Great Britain** — Britain, once the major colonial power and dominant political influence in the region, will have divested itself of its last significant political responsibilities in the area with New Hebridean independence in 1980. However, Britain is likely to continue to have some political influence in the region. All independent states are members of the Commonwealth and most attach considerable sentimental and other importance to their links with Britain — especially Fiji.

Britain has limited investment and trade interests in the area, but does provide significant budget and development program support assistance to present and former colonies. In the absence of considerable pressure from the ANZUS governments, this assistance might be phased out in the 1980s.

**France** — The French presence in the Pacific is manifested mainly in the overseas territories of New Caledonia and French Polynesia — the former important for its nickel mines, and the latter as

the French nuclear test site. Both territories are a drain on French financial resources. A French reluctance to respond to local pressures for autonomy or independence appears to be based, aside from the need for a nuclear test site, on intangible cultural and emotional links rather than on direct political and strategic interests. Whatever the cause, the French until the very recent past have made only limited concessions to self-government, although now indicating that they may be willing to consider independence for these territories at some future date. France's nuclear testing and colonial record in the Pacific have assured to them a pariah role within the region.

Although by no means certain, the financial and political costs of the French territorial presence in the Pacific, coupled with a likely increase in pressures in New Caledonia and French Polynesia for independence — or perhaps for a free association relationship not unlike that of the Cook Islands with New Zealand — argues for an ultimate French disengagement from the area. A decision to close French's Pacific nuclear test facilities would hasten this process. So would alternative arrangements permitting French Polynesian autonomy or independence, but continuing French use of nuclear test facilities.

**Japan** — Japan has significant economic interests in the Pacific islands area — her primary source of copper, nickel, phosphates, and tuna. Japan has also invested in timber, tourism facilities, mining operations, and in fish freezing plants and canneries which service Japanese fishing fleets, and tends to focus her relationships in areas where there are significant fisheries interests: Papua New Guinea, Fiji, the Solomons, Kiribati, the Trust Territory, Western Samoa, and Tonga. Tokyo has negotiated bilateral fisheries agreements, or is in the process of doing so, with most of these states, and also has begun to provide some aid — mainly in the form of concessional loans. Japanese loans and grants to the area over the past several years now total nearly \$20 million.

Japan's rapid expansion of trade, investment, and aid links with most of the South Pacific islands suggest that her economic influence in the region (other than the French territories) may soon be second only to that of Australia.

In the North Pacific, Guam and parts of the Trust Territory have become to Japan what Hawaii and the Caribbean are to the US — tropical playgrounds. Japanese tourism and investment in the tourist industry have become important elements of the economies of these islands. In the Trust Territory, Japanese equity investment

has penetrated all other areas of the private sector, except traditional agriculture, and, after US federal subsidies, is the key source of development capital.

Japan also perceives a strategic/political interest in reinforcing regional stability, and the exclusion of hostile forces and influences. For this reason alone, Tokyo favors a continuing US security/political relationship with the Trust Territory, and is generally supportive of ANZUS political objectives in the South Pacific.

**Germany** — West Germany, whose links to the area date back to a pre-World War I colonial presence, has recently become a major aid donor. Since 1976 it has provided commercial credits, concessional loans and small amounts of grant assistance, totalling about \$30 million — mainly loans to Tonga and Western Samoa for the construction of two ships for a regional shipping line. The Germans, aside from their historical interest links, assert that the principal objective of their involvement in the area is to assure continued regional stability and thus assist in pre-empting Soviet and other hostile influences.

**Indonesia** — Indonesia's interest in the region relates exclusively to the common West Irian/Papua New Guinea border. Free Papua Movement rebels in West Irian attempt to use Papua New Guinea as a sanctuary and solicit political and moral support from Papua New Guinea — based on ethnic, cultural, and family links. The Indonesians from time to time have crossed the border to raid rebel sanctuaries, but both Jakarta and Port Moresby presently seek to play down such incidents, and attempt to maintain good relations. However, Papua New Guinea is basically sympathetic to the Free Papua Movement (though giving it no support out of fear of Indonesian retaliation), and is concerned that Jakarta may some day seek to control or dominate all of New Guinea island. The Indonesians fear a decision by Papua New Guinea to support West Irianese rebels would make their position in West Irian far more difficult politically and militarily.

**PRC** — The PRC has actively cultivated regional governments and leaders for the past several years, including through state visits by island leaders to Peking, modest assistance programs, diplomatic missions to Fiji and Western Samoa, and through the dispatch of trade delegations, dance troupes, and high-level officials to the area. In order of priority, PRC interests/objectives appear to be pre-emption of a Soviet presence and influence, cultivation of support from the emerging South Pacific bloc within the Third World context, and replacement of Taiwanese influence. PRC diplomats have been careful to maintain a low profile, avoid internal political proselytization,

and offer quiet encouragement not only to Australia's and New Zealand's lead roles in the area, but also to an increased US presence — again as part of its anti-Soviet strategy. Its economic interests are minimal, other than procurement of about 40 percent of its copper import requirement from Papua New Guinea.

**Soviet Union** — Although the Soviets apparently have no important direct strategic interests or requirements in the South Pacific, they have established diplomatic relations with all of the island states, and have sought to open missions in Western Samoa, Papua New Guinea, and Fiji. Thus far all such requests have been turned down. The expansion in recent years of Soviet fishing fleet operations in the region has established a Soviet interest in acquisition of shorebased support facilities. In 1976 Soviet diplomats offered Western Samoa and Tonga major aid package proposals in return for such facilities. Perhaps in part because of pressure from Wellington, Canberra, and other island governments, these proposals were turned down. During the same period there was also a marked (but still minor in absolute terms) increase in Soviet maritime activity in the area — mainly naval ships in transit aside from fishing trawlers. Soviet objectives in the area undoubtedly are, aside from fisheries interests, almost wholly political and keyed to competition with the PRC and global power/influence perceptions vis-a-vis the US and ANZUS.

The perception in 1976 of the possibility of a major Soviet presence in the area caused considerable concern in Wellington and Canberra, was the catalyst in expansion of their aid programs and diplomatic presence in the region, and prompted the Australian and New Zealand governments to press the US to expand its own presence in and assistance to the area.

The only Soviet successes thus far are establishment of rather tenuous links with leftist trade unions in Papua New Guinea and Fiji, and the training of some trade unionists in Moscow. But these actions, undertaken without advance advice to local governments, only reinforced existing regional leader suspicions of Soviet intentions.

Looking to the future, further Soviet efforts to establish a presence in the area are inevitable and ultimately will undoubtedly be successful to some degree. The only questions are what, where, and when. Aside from a need for shore facilities to support their fishing fleets, the Soviets will wish to match the PRC presence, and ultimately to shatter the South Pacific's "ANZUS Lake" image. The likely emergence in the region in the 1980s of less conservative political leadership will establish a more receptive climate. However, the

degree to which their efforts pose a challenge to ANZUS interests in the area will depend in large measure on the adequacy of external assistance from traditional sources, and the health of allied relationships with the region. Major shortfalls in assistance accompanied by continuing economic stagnation or decline in some island states could encourage the latter to accept Soviet blandishments linked to a Russian presence. It would in any event take little effort and few Soviet resources to outstrip the current US diplomatic and economic assistance presence in the independent island states.

### **US Presence in the Pacific Islands**

As noted at the outset of this study, the primary manifestations of the US presence in the region are the Territory of American Samoa in the South Pacific, the Territory of Guam in the North Pacific, and the US administered Trust Territory of the Pacific Islands.

Although the Trusteeship is expected to terminate in the early 1980s, political links will continue through a territorial relationship with the Commonwealth of the Northern Marianas whose inhabitants will become American citizens, and through a free association relationship with the three new states which will emerge from the trusteeship. Under that relationship the three Micronesian states will be fully independent with respect to their internal affairs and have control of their foreign affairs, except in defense matters. The US will retain responsibility for the defense of the islands and for related security matters, will have limited base rights and options for future bases, and will continue to subsidize the three states with budget support grants and program aid. The free association relationship will be unilaterally terminable by any of the parties, and will in any event run only for fifteen years unless extended by mutual consent. The possibility that one or more of the three states will ultimately opt for full independence is thus present.

As previously indicated, the bulk of US financial assistance to the Pacific islands is to these three territories. It presently runs to about \$225 million annually in budget support grants and federal program expenditures.

US private sector interests and activities in the non-US islands are limited.

The small scale of the region's economy, the region's traditional trade links with Australia and New Zealand, and poor direct shipping links between the US and the islands now limit both exports and imports (excluding tuna processed through American Samoa — now

valued at \$120 million annually) to less than \$100 million annually. US imports from the region (again excluding tuna) traditionally have been mainly coconut products, sugar, ginger, handicraft items, and hardwoods.

US investment is somewhat more important. Though precise data are not available, the total is probably between \$200-400 million — mainly in tourist hotels in Fiji and French Polynesia, lumbering operations in Western Samoa, minerals and oil exploration operations in Papua New Guinea, and other parts of Melanesia, and in religious missions scattered throughout the area. The most promising investment possibilities appear to be tourism in Fiji and French Polynesia, minerals exploitation in Papua New Guinea and the Solomon Islands, secondary processing industries in Fiji and Papua New Guinea, and tuna processing.

Outweighing all of the foregoing is the certainty of increasing US fisheries industry exploitation of the region's tuna resources. Processing plants in Hawaii and American Samoa already are dependent on Taiwanese, Korean, and Japanese catches from the central and south Pacific while US fishing fleets traditionally operating in eastern Pacific waters are likely to extend their operations into the same central and south Pacific waters. In the not distant future the US multi-billion dollar tuna industry may derive much of its earnings from these areas. Over the longer term exploitation of the South Pacific's seabed resources also may become significant.

A fourth area of private sector interest — US airline operations — is important. Guam, Fiji, and (to a lesser extent) American Samoa are key refueling points for many flights between the US and Asia, and Australia/New Zealand. They also provide profitable passenger loads related to the region's tourist industry.

..... US citizen residents of the non-US islands presently number 4-5,000, mainly missionaries in Papua New Guinea and retirees in Fiji and French Polynesia. About 200,000 American tourists visit the region annually.

Educational and cultural links between the region and the US (particularly Hawaii and American Samoa) are significant. Pacific islanders increasingly turn to the US for graduate education while the East West Center and the University of Hawaii maintain close links with South Pacific educational and developmental institutions. Fulbright and other scholarship programs reinforce these links.

The US official stance in the South Pacific since World War II could best be characterized until 1976 as benign neglect. The slow

pace of decolonization, a parallel absence of any crises (including the absence of PRC and Soviet activity), and the then perceived adequacy of Australian, New Zealand and British influence, assured Washington disinterest. Our diplomatic presence was and remains manifested only by small embassies in Fiji and Papua New Guinea. The only evidence of our concern for the development of the area was participation in the South Pacific Commission, Peace Corps programs in Fiji and several other states established in the late 1960s and early 1970s, and a popular educational and cultural exchange program which has benefitted many of the region's political leaders.

Australia's and New Zealand's concern about Soviet (and to a lesser degree PRC) activity in the area in 1976, the parallel acceleration of the region's decolonization processes (including a consequent rundown in the British presence and influence), a growing awareness of the importance of the region's marine resources, and a perception that the region's reservoir of goodwill toward the US was being eroded by US inattention, led to policy decisions and actions between 1976-1978 intended to be responsive to Australian, New Zealand, and regional pressures for a more active US role in the South Pacific.

— A small regional AID program was begun in 1977. Now totaling about \$2 million annually, AID funds are channeled into the area through regional organization projects, private voluntary organizations, accelerated impact program grants to projects selected by Peace Corps volunteers, and scholarships. Given the limited availability of funds and then existing Congressional restraints on the establishment of new bilateral AID programs, the South Pacific AID program has become not so much a developmental tool as a political act of good will supportive of the lead roles of Australia, New Zealand, the Asian Development Bank and other IFIs, and of regional organizations. A parallel decision was taken in 1976, with some consequent success, to encourage the ADB and other donor institutions to increase their assistance to the area.

— Peace Corps programs in the region were expanded. There are now over 400 volunteers in Fiji, Tonga, Western Samoa, the Solomons, Tuvalu, Kiribati, and the Trust Territory of the Pacific Islands. If requested, the Peace Corps is prepared to establish a program in Papua New Guinea.

— Educational and cultural exchange programs for the area have been expanded and regional public affairs officers have been assigned to Port Moresby and Suva.

— US representation to the South Pacific Commission and Conference has been upgraded and professionalized.

— A resident Ambassador was appointed to Fiji in 1978.

— AID opened a small regional office in Fiji in 1978.

— Pacific islands affairs in the Department of State were bureaucratically upgraded in 1978 through establishment of a separate Pacific Islands Country Directorate.

— In 1977 senior State officials and congressional leaders began to visit the area for consultations on the US role within the region and to signal our intent to play a cooperative but supportive role in the region's development.

— US Navy good will ship visits were increased in frequency.

Parallel to these actions, all welcomed by South Pacific leaders, the outlines of a regional policy framework began to emerge.

— The relative levels of our respective interests and available resources dictated that our ANZUS partners continue to play a lead political and developmental role within the region, and that our role be essentially supportive of that lead.

— The proliferation of mini-states in the region made impractical establishment of diplomatic missions in each capital and maintenance of relationships through traditional bilateral means. This, together with limited AID resources, and the region's tendency to address many issues through regional institutions, led to a policy focus on links with key regional states (Fiji and Papua New Guinea), and support for strengthened regional cohesion through cooperation with regional institutions, i.e., a policy of regionalism rather than bilateralism.

Finally, new impetus was given to the effort to conclude the negotiations on Micronesia's future political status with the goal of terminating the trusteeship by 1981. Although negotiations leading to Commonwealth status for the Northern Marianas had been concluded earlier, the free association negotiations with Palau, the Federated States of Micronesia (Yap, Truk, Ponape, and Kosrae), and with the Marshall Islands, still continue with some issues remaining to be resolved. Parallel with these developments, federal subsidies and programs have been expanded in Guam and American Samoa. The latter territory also has achieved more self-government through a shift from an appointed to an elected governor, and possibilities for further self-government are under consideration.

— Guam, American Samoa, the Trust Territory, and Hawaii also have been encouraged to play a more active role within the region through practical cooperation with their island neighbors.

The policy framework for most of these courses of action was delineated by Assistant Secretary of State Richard Holbrooke on July 31, 1978 in testimony before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs. See Appendix A for full text.

### **Regional Attitudes Toward the United States**

Popular attitudes throughout the non-US islands without serious exception are favorable. Little of the wartime generated goodwill, and that flowing from Peace Corps, missionary, and private voluntary organization activity, has been dissipated despite past US inattention. However, there is some ongoing erosion and ambivalence in political leadership attitudes, especially in Fiji and Papua New Guinea, toward the regional role of the United States.

On the one hand, the increased US diplomatic presence, establishment of a small regional AID program, visits by high officials, and statements of US intent to cooperate in regional development have been welcomed as a reversal of past neglect, and as overdue recognition of the region's importance. Indeed, further expansion of our diplomatic presence and aid programs is pressed by most regional leaders. However, there is emergent parallel unease about our ultimate intentions, and in some quarters concern exists that the region is ill-equipped to protect its own interests in dealing with a regionally active super-power.

Other factors troubling our relationship with the area's independent states are our colonial image, including misperceptions about our political and other objectives in the Trust Territory, differing legal positions on coastal state jurisdiction over migratory species of fish (tuna), various nuclear issues, and the level and character of our economic assistance. Taken together, these issues result in some credibility problems vis-a-vis our South Pacific policy, including a perception in some areas that it offers more rhetoric than substance. These negative attitudes and problems are most evident in Papua New Guinea and Fiji, but much less so in the smaller areas of Polynesia. Everywhere they are counterbalanced to some degree by a perception that a US role within the region is important not only for regional development, but also for security reasons and as an offset to the pervasive Australian and New Zealand presence. Put another way, the South Pacific's independent states continue to seek a more active US role in the South Pacific, but on their terms and with assurances

our role will be truly supportive, and not dominant or divisive.

The balance of this study thus is devoted to the character of US interests and objectives in the South Pacific, to related Australian/New Zealand interests and objectives, and to current major policy issues affecting our relationships with the region:

- Regional security concerns and US security requirements;
- Marine resource questions;
- Decolonization questions affecting US and French territories;
- Nuclear issues;
- US economic and other assistance; and
- The level and character of US diplomatic and consular representation.

Not addressed are the north/south or NIEO issues common to our relationships with most developing nations. Thus far, however, only Papua New Guinea and Fiji have been active in organizations and meetings where these issues arise, and their positions generally have been moderate by Third World standards.

Section II

## **US INTERESTS, OBJECTIVES, AND POLICY IN THE SOUTH PACIFIC**

### **Interests and Objectives**

US interests in the Pacific islands are largely derivative of those in East Asia and Australia/New Zealand, and generally are of a lesser magnitude than in other global regions. Several are nonetheless extremely important. Additionally, with the decolonization cycle nearing its conclusion, and with the increasing importance of marine resources, new interests are emerging. The most important — and associated objectives — are as follows.

**Strategic/Security** — Our strategic/security interests derive from four fundamental interrelated factors:

- Our territorial/national presence in the region — American Samoa, Guam, Hawaii, and the Trust Territory.

- Vital national interests in Australia and New Zealand, including the ANZUS security pact;

- The region's relationship to our lines of communication with the Western Pacific, Asia, and Australia/New Zealand.

- A global power perception of the South Pacific as a region of exclusive western influence — in effect an ANZUS lake.

From these factors arise a series of related interests and objectives:

- Maintenance of secure sea and air lines of communication throughout the North and South Pacific in peace and in war, including US naval access to all parts of the region;

- Denial of the region to hostile bases and forces that could in war interdict the above lines of communication;

- Preservation of the friendly and stable political environment supportive of the above interests.

**Political** — More so than our security interests, our political interests and objectives tend to derive from both regional and global considerations:

— Maintenance of stable, friendly governments that pursue moderate foreign policies supportive not only of US basic regional interests and objectives, but also in a global context in the UN and in Third World councils;

— Preservation of Australia's and New Zealand's partnership and leadership roles in the South Pacific;

— Regional acceptance of the US as a supportive regional power, and of US Pacific territories as regional partners in their own right;

— Related to the foregoing, preservation of the reservoir of good will toward the US which exists throughout the region, but which is suffering erosion from past inattention and, more recently, misunderstandings and uncertainty vis-a-vis US objectives within the region;

— Maintenance of the region's showcase record in the area of human rights and preservation of democratic institutions;

— Exclusion from the region of hostile destabilizing influences and of great power competition or confrontation;

— Preservation of Britain's positive political role in and economic contributions to the region after conclusion of Britain's colonial presence in 1980;

— Promotion of regional cooperation and cohesion as elements essential to the region's development and stability; and

— Peaceful conclusion of the decolonization cycle with regional acceptance of continuing political relationships between the US and its Pacific territories, and with the Trust Territory.

**Economic** — Several of our economic interests, nearly nonexistent in the not distant past, now loom as important at the national level, and critical at the US territorial level;

— Non-discriminatory access by US fishermen to the region's exclusive economic zones;

— Similar access by third country (mainly Japanese, Taiwanese, and Korean) fishing fleets that supply Hawaiian and US territorial processing plants;

— US access to seabed resources in the region's exclusive economic zones;

— As a function of our broader interests in Japan, Australia, and New Zealand, continued non-discriminatory access by these nations to the resources of the region;

— Within the region, a level of sustained economic growth sufficient to induce continuing regional stability, and to pre-empt the possibility of fiscally desperate island states undertaking initiatives with the Soviets which could introduce to the area great power rivalry and destabilizing political influences;

— Continuing access to the region's markets, and continuation of the presently favorable investment climate.

**Level of Importance of US Interests in the South Pacific** — The only "vital" national interests among the foregoing are those of preservation of open lines of communication within the region, and the related denial of the region to hostile military forces. Most of the remaining security, political and economic interests and objectives however do relate to and serve those vital interests — and therefore fall into the "important" category. Economically, the most critical of our direct national interests is that of access to the region's marine resources which links directly to the welfare of not only the US fishing industry, but also to the economies of Hawaii and American Samoa.

#### **South Pacific Policy Framework**

Although problems do exist, the South Pacific, of all the globe's major regions, has thus far managed to remain uniquely free of crisis and great-power rivalry. The region's human rights record and political stability, the strength of its democratic institutions, its moderation and pragmatism in the UN and other international organizations, and its goodwill toward the US all serve US interests. US policy and courses of action in the region should be directed at preservation of these favorable conditions.

This requires a continuing shift from pre-1977 habits of neglect and reactive diplomacy. The fundamentals of such a strategy have been well established in the past two years, but, to be fully effective, require modest further increases in the US diplomatic presence, in bureaucratic attention, in economic assistance, and in US commitment to regional involvement. Despite some misunderstandings on the character of our involvement, these measures also are sought by the region. A finger-crossing alternative to US commitment, that of rhetoric rather than substance, could contribute to regional instability and ultimately to a far more costly great power rivalry.

**Allied Roles in the South Pacific** — Given the respective levels of our shared interests and concerns in the South Pacific, the region's present acceptance of Australia and New Zealand as partners, and respective levels of resources available for application to the region, present policy requires encouragement of Australia's and New Zea-

land's lead role, with the US in a supportive role. (See Section III for further analyses of their roles.)

However, a number of factors do argue for a more diffuse allied or friendly presence in the region.

- The region's present high level of dependence on Australian and New Zealand aid, coupled with their dominant roles in the private sectors or economies of the region, assure some resentment and periodic stresses and strains in relationships with the South Pacific.

- The US does have direct interests of its own in the region.

- To some degree an expanded US role in the South Pacific is welcomed by the region as an offset or balance to that of Australia and of New Zealand.

These factors suggest that, while we must work closely with Australia and New Zealand, all three governments must take care to avoid a regional perception that any of us are serving as a surrogate for others, or that our enhanced presence in the region is intended to serve Australian and New Zealand interests. Our diplomatic presence and political influence in the region's independent states therefore must be at levels adequate to permit us to pursue both allied and separate national objectives independently of our ANZUS partners.

By the same token, US and ANZUS interests are well served by a continued strong British influence in the region. We should thus encourage London to maintain a strong diplomatic presence in the area, and to continue its economic assistance programs to its former dependencies.

Similarly, West Germany's revived interest in the area complements our interests and objectives and should be encouraged to include not only economic assistance, but also a network of diplomatic missions.

Although Japan's involvement in the area presently relates almost exclusively to its economic interests, the latter by and large parallel or complement US and ANZUS interests. We should encourage not only Japanese assistance to the region, but also Japan's diplomatic presence and influence. However, a Japanese tendency to focus rather narrowly on its bilateral relations and short-term economic objectives does pose the threat that Tokyo could, inadvertently or otherwise, reinforce centrifugal forces which threaten regional cohesion and cooperation. We should encourage Japan to explore the possibilities for cooperation with regional institutions.

France appears to be prepared to play a somewhat more cooperative role in the area than has been the case in the recent past, and welcomes consultations with us on regional problems and issues. We should use these consultations to encourage Paris to continue to be more responsive to pressures for political change in her territories, and to play a more active role in regional development.

An expanded supportive allied and friendly presence in the South Pacific already is sought to some degree by our ANZUS partners and should be pursued by us in coordination with Canberra and Wellington.

The sum total of allied efforts in the region should provide the island states a perception of adequate diversification of external links and influences. Such will help dampen frustrations which could otherwise inspire closer relationships with our adversaries purely for the sake of offsetting an unvaried diet of Australian/New Zealand or US presence and influence.

**Promotion of Regionalism** — If only for economy of scale reasons, strong regional institutions and regionalized services offer the best framework for continuing regional development and stability. Given the consensus process that operates at regional and sub-regional levels, particularly in terms of dealing with the outside world, regional cohesion also operates as a restraint on otherwise more adventuristic island governments.

We should continue to assist the growth of regionalism by supporting regional projects and services, by participating in regional organizations when invited to do so, and by maintaining close, cooperative links with all regional institutions, e.g., the University of the South Pacific, the SPC, the Forum, and SPEC.

In pursuing this policy, we must take great care to make clear that our objective is to play a cooperative and supportive role in those areas where our partnership is sought, and is not to seek a dominant influence. We must avoid enmeshment in centrifugal forces now operating, and in particular avoid taking actions or developing special relationships with regional sub-groupings which might be perceived as fostering subregional arrangements at the expense of existing regional institutions. Any short-term gains from such actions could be more than offset by damage to our relationships and thus our interests elsewhere in the South Pacific.

A necessary corollary to the above policy is encouragement of our Pacific territories to continue to participate in regional organizations and institutions in their own right, and to continue the present

pattern of developing cooperative links, including common services, with near neighbors.

Promotion of regionalism, and of acceptance of the US as a regional partner, also should be actively pressed through private sector links. Existing cooperative ties between regional institutions, and US foundations, educational institutions, and other private organizations, already enhance the US image and have been strengthened by various initiatives of the current administration. Federal support for these activities should be continued, including through federal funding of conferences, research grants, scholarships, and of US university support of regional projects.

**Bilateral Relationships** — Although it is neither practical nor necessary to open diplomatic missions in all of the region's independent states, US diplomatic representation in the region must be sufficient to permit independent promotion of our interests and objectives in the area. We must not depend on allied representations on our behalf. Immediate objectives and tactical approaches to common goals may differ and our interests should not be subject to the vagaries of allied bilateral relations with the region.

Although our regional policy requires that we avoid enmeshment in regional rivalries, the reality of these forces must be taken into account in determining the structure and level of our representation in the region, i.e., we should have diplomatic missions in each of the key subregional states.

However, the scope and size of our diplomatic presence in the region must not be such as to upstage the Australian/New Zealand presence, or to intimidate host governments. Small, low-profile missions are the most effective approach, although they must be adequately staffed to support multiple accreditations and frequent travel to states without US missions.

**Economic Relations and Assistance Programs** — US and allied interests in the South Pacific require balanced external assistance flows sufficient to assure levels of development and services that will: (a) foster political stability; and (b) minimize prospects for fiscally desperate island states turning to hostile sources of assistance. Australia and New Zealand must continue to play the lead role in this effort, with the US continuing to play a supportive role. However, these three sources alone are inadequate to the needs of the area.

Consequently, we and our ANZUS allies should encourage:

— Britain to continue her assistance programs after present commitments expire in the early 1980s;

— The ADB, IBRD, UNDP, the EEC and other international donors to continue to expand their programs in the area, including by tailoring procedures to the special needs of island micro-states;

— West Germany and Japan to expand their own programs in the area; and

— New donors to enter the region. These might include South Korea, Canada (which has made small contributions in the past), the Scandinavian states, the Netherlands, and some of the OPEC states (Kuwait has provided some assistance to Papua New Guinea.)

Although Congressional restraints and other priorities limit US aid to non-US areas in the South Pacific, the magnitude of that aid should bear a direct relationship to the level of our interests in the region. It must also be sufficient to lend credibility to our stated intention of becoming a concerned partner in regional development. In short, our actions and resources must match our rhetoric.

However, even an expanded AID program is unlikely to be sufficient to permit bilateral assistance programs in all or most of the region's key states. An alternative, selective focusing on one or two states, would be deeply resented elsewhere and thus counterproductive with respect to our regional interests. The present mix of support of regional projects and institutions, and of grants to private voluntary organizations and Peace Corps impact program projects, makes sense, should be continued, and can be manipulated to have maximum effect in key states. Moreover, it is highly supportive of our objective of strengthening regional institutions.

Peace Corps operations in the South Pacific made an outstanding contribution to the preservation of good will toward the US at a time when there was little other evidence of US concern for the area. Even today volunteers remain the sole official US presence in most island states. Thus Peace Corps operations not only should be continued, but should be expanded when such is desired by host governments and when there is adequate absorptive capacity.

Island states generally are anxious to develop trade and shipping links with the US to reduce in some degree their overwhelming dependence on Australian and New Zealand suppliers. Since such action also would serve US trade and balance of payments interests, the possibilities for expanding such links should be explored.

**Fisheries** — For many Pacific island states and territories marine resources, particularly tuna, are the principal natural asset. All have adopted 200 mile exclusive economic zones which interlock and effectively blanket the central and South Pacific. American Samoa's

private economy is dependent upon canneries which process tuna caught within the zones of other island states and territories. Hawaii's small but expanding tuna industry is dependent on catches from the region. American tuna fleets presently operating in the eastern Pacific are likely to expand their operations into the central and south Pacific.

US territorial and national interests require non-discriminatory access to the above resource, and cooperation with the region vis-a-vis management and conservation of that resource. Protection of that interest is made difficult, and our relations in the region are complicated by US non-recognition of coastal state jurisdiction over tuna and certain other highly migratory species, and by claims for such jurisdiction with the 200-mile zone by Pacific island states and territories. Resolution of this conflict is important for our fisheries interests, and with regard to our political relationships with the region.

**Security Relationships** — Although it is difficult to perceive any external threats to South Pacific states, the severance of the colonial umbilical cord has produced a vague unease throughout the region. Although few regional leaders favor formal security treaties, all hope that the US or ANZUS will extend a security umbrella over the area. A new regional security treaty, or extension of ANZUS membership to island states, is neither possible nor necessary.

A response to these concerns can enhance Australia's, New Zealand's, and our relationship with the area — including by reinforcing regional attentiveness to our own interests. Key elements in our policy toward the area should therefore include the following:

- ANZUS communiques should continue to stress that the ANZUS governments have a direct interest in the territorial integrity, peaceful development, and stability of the region's states. Public statements can be backed up by private assurances as necessary, including offers to consult on perceived threats.

- Australia and New Zealand should be encouraged to continue their informal defense cooperation arrangements with Papua New Guinea, Fiji, and Tonga and to provide assistance to governments requiring help in upgrading internal security arrangements.

- Although we need not become major defense equipment suppliers, we should respond to requests from Fiji, and Papua New Guinea (the two states with significant defense forces) for items not available from their traditional sources (Australia, New Zealand, and Britain). We also should provide training on request. Similarly we should consider favorably Fiji and Papua New Guinea invitations for

US units to exercise with their defense forces — either bilaterally or jointly with Australian/New Zealand forces.

— USN goodwill port calls should be continued and expanded.

**US Dependencies** — Successful conclusion of the present political status negotiations will lead to termination of the Micronesian trusteeship in the early 1980s under conditions which hopefully will satisfy US defense requirements and UN considerations, while also removing that area from the South Pacific's decolonization agenda. However, the likely decolonization of the major French Pacific territories will in a few years leave us highly exposed as the last major colonial presence in the region: American Samoa and Guam. Although neither territory is likely to seek independence and Guam may ultimately seek statehood, our interests would be well served by policies which:

— provide to Guam the highest levels of self-government consistent with US defense interests in that island and with an ultimate status of statehood;

— provide to American Samoa maximum self-government consistent with a continuing desire by that territory to retain a political relationship with the US (We should bear in mind that no basic US national interests require a continuing territorial or other political relationship); and

— encourage our territories, and the Micronesian states that presently comprise the Trust Territory, to expand their practical cooperation links with neighboring island states and to participate as fully as possible in regional organizations prepared to accept them as members.

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Section III of this study addresses in greater depth specific major policy issues and policy implementation problems.

Section III

## **POLICY ISSUES AND PROBLEMS**

### **Australia's and New Zealand's Role in the South Pacific**

Australia's and New Zealand's (ANZ) regional power roles, special relationships, and high level of interests in the South Pacific have assured to them regional partnership and leadership. Both complement a wide range of US interests. This section deals with the character of our shared interests and objectives, present and potential conflicts, and mechanisms for consultation and coordination of ANZ and US efforts in the South Pacific.

**ANZ Interests and Objectives in the South Pacific** — At the moment there are no serious conflicts between US interests/objectives in the South Pacific, and those of Australia and New Zealand. The latter appear to be:

- Friendly, politically stable, secure, and democratic South Pacific states capable of satisfying the economic and social needs of their peoples;

- Regional acceptance of ANZ's political/security leadership and partnership roles — based on island perceptions of shared interests and concerns;

- Regional institutions capable of promoting regional cohesion, stability, and development — with full participation by Australia and New Zealand.

- US involvement in the area in a supportive role through expanded US participation in regional institutions, increased US economic assistance, and an expanded diplomatic presence.

- Freedom of access to and transit through the area by ANZUS forces in peace and in war;

- Denial of the area to hostile influences and adversary military forces;

- An orderly transition to self-government or independence by the region's remaining dependent territories;

- Maintenance of strong trade, cultural, investment, and tourism links;
- Access to the region's resources; and
- Regional commitment to pragmatism and moderation in the UN and Third World councils.

**Current Problem Areas** — Although US and ANZ interests and objectives in the South Pacific are not in conflict, occasional problems arise from different national priorities, approaches, threat assessments, and from national sensitivities.

— New Zealand's and (to a lesser extent) Australia's political leadership has tended to perceive a greater immediate Soviet threat within the area than does the US.

— Both governments believe their South Pacific interests require a more active US role in the region, and welcome the increase of our presence of the past several years.

However, they believe recent US measures are only essential first steps and appear to favor still higher levels of US assistance and expansion of our diplomatic presence. Both governments are concerned that their aid and other resources over the longer term will be inadequate to the needs of the area — even when reinforced by ADB, IBRD, UNDP, and other assistance. Both also believe that a stronger US diplomatic presence will reinforce and complement their efforts to assure that the region remains politically moderate and supportive of essential allied interests. A multiple allied diplomatic presence and political influence in the area is also seen as insurance against inevitable periodic strains in bilateral relationships between any of the three ANZUS partners and the island states. (For essentially the same reasons, the ANZ governments also encourage a continuing British role, and a more active West German and Canadian presence.)

— But there also is ambivalence. New Zealand takes great pride in its special relationship and links with Polynesia and in its previously unchallenged leadership role in that sub-region. New Zealand also has a self-perception of having an unique understanding of the Pacific islands. Although Wellington recognizes that limited resources now preclude an exclusive relationship with the area, the change has been difficult to adjust to. Thus New Zealand remains sensitive to any perceived challenge of its special relationships, and to US tactics which may conflict with New Zealand perceptions or advice. In sum, New Zealand wants an expanded US role in the area, but on its terms.

— New Zealand (and to a lesser extent Australia) is concerned that the USG has a tendency to pursue too vigorously short-term objectives without adequate consideration of the consequences for broader and more basic allied interests.

— Related to the foregoing, New Zealand Government officials believe that an expanded US role in the area requires periodic policy level trilateral consultations.

— We are committed to negotiate with New Zealand the ultimate status of various disputed islands: the Northern Cook Islands (presently a part of the Cook Islands), and Swains Island, (a small island we claim as part of American Samoa and which New Zealand claims as part of Tokelau — a New Zealand administered territory). The US claim to Swains is strong, but that to the Northern Cooks is very weak relative to New Zealand's and the Cook Islands. The negotiations will be complicated by the fact that New Zealand will be negotiating not so much for itself vis-a-vis the Northern Cooks, but rather on behalf of the quasi-independent Cook Islands. In the author's view, a reasonable settlement would be US relinquishment of all claims to the Northern Cooks in return for New Zealand and Tokelau relinquishment of Swains.

**Potential Problem Areas** — All of the foregoing problem areas are at worst irritants, and are susceptible to containment through consultations, tact, and a cautious approach to expansion of our role in the area. However, a return to office by Labor in New Zealand, and to a lesser degree, in Australia could assure several more troublesome issues.

— As noted in the "Nuclear Issues" section of this study, a New Zealand Labor Government may revive and pursue South Pacific "denuclearization" initiatives in basic conflict with US regional and global interests.

— Labor Governments would give additional vigor to regional initiatives directed at "decolonization" of the French Pacific territories. A contrasting US inability to support fully such initiatives, because of broader European considerations, could complicate to some degree our relationships with the South Pacific.

**Australia/New Zealand and US Consultations and Cooperation** — Aside from periodic ANZUS Ministerial Council meetings which have South Pacific issues on their agenda, consultations between the ANZUS partners on the South Pacific are *ad hoc* and on both a bilateral and trilateral basis.

— With occasional (but usually inadvertent) slips each government keeps the others informed on its activities and programs in the South Pacific.

— To increasing degree all three coordinate their policy and operational approaches vis-a-vis regional issues and institutions. This is normally done through continuous working-level consultation.

At issue is whether these informal arrangements, in particular reliance on *ad hoc* consultations at the working level (often bilateral rather than trilateral) are adequate. Alternative possibilities that have been proposed include scheduled periodic trilateral consultations at the Assistant or Deputy Assistant Secretary level, closer coordination of assistance programs through trilateral technical level meetings, and formation of consultative or coordinating committees within the ANZUS framework.

The latter concept must be considered a non-starter. None of the ANZUS governments seek to dilute the essential security character of the ANZUS pact. All believe that its strength derives from the unstructured informality of an alliance based on a multiplicity of links and of shared interests and concerns. Moreover, the intrusion of ANZUS *per se* into the South Pacific in the area of non-security issues, (e.g., an ANZUS committee on economic assistance) could be received with suspicion in the region. The same purposes can be served on a trilateral basis without the ANZUS label.

Although the US does not consider essential periodic trilateral consultative meetings of policy level officials which would deal mainly with South Pacific affairs, New Zealand does feel isolated from USG decisionmaking processes and probably favors such arrangements. The New Zealand position probably flows from a perception that only through such a mechanism can:

- (a) the US (and Australia) be made to focus adequately on New Zealand's view of the Pacific; and
- (b) New Zealand have an equal voice in influencing allied policy and tactics in the area.

At another level, the multiplicity of assistance programs (not only those of the ANZUS partners, but also those of the IFI's), the greater attention being given the area by various private voluntary organizations, the expansion of our respective information and cultural exchange programs, and the increase in Peace Corps type programs all provide scope, in the small and often delicate island societies, for counterproductive policy and operational conflicts, duplication of effort, and gaps. Increased trilateral consultations in

these areas undoubtedly would serve a range of practical purposes while also taking into account Australian and New Zealand sensitivities.

### **Regional Security Considerations**

Two issues arise: US security interests and requirements in the South Pacific, and the perceived security needs of regional states.

**US Security Requirements** — As noted elsewhere, US security interests in the Pacific islands relate mainly to our ANZUS and East Asian commitments, lines of communication through the Pacific, to related defense installations and basing options in the North Pacific, and to denial of that area to hostile forces.

Our defense interests in Guam are secure, while the political relationships being negotiated with the Trust Territory will protect essential US security interests in that area in the post-trusteeship period.

Our defense interests do not require US bases or installations in the islands south of the equator, nor are any sought or required by our ANZUS partners. However, port and airfield access could become important in a war situation which threatened ANZUS sea and air lanes.

Recent years have seen some build-up of Soviet naval activity in the area, Soviet efforts to establish a diplomatic presence in major island states and a thwarted effort at establishing bases for Soviet fishing fleets in Western Samoa and Tonga. However, there is no serious evidence that the USSR now seeks either military bases or naval support arrangements in the Pacific islands, or that any island government would welcome a Soviet naval presence and a change in geopolitical patterns. For the future there is the possibility that the Soviets, for global power perception reasons, may attempt to challenge the current equation. And there is the future possibility that island governments, out of fiscal desperation, might offer concessions to the USSR in return for aid.

**Regional Security Requirements** — None of the independent island states have formal defense alliances with each other or with states outside the region, although looser arrangements exist. Only three states — Papua New Guinea, Fiji, and Tonga — maintain defense establishments. All are small (3,500, 900 and 120 men respectively), lightly armed, adequate for little more than internal security, but do have a limited coast guard type maritime surveillance capability. The dependent territories in the area continue to look to their

home governments for security. France maintains sizeable army, navy and air detachments in New Caledonia and French Polynesia. The British will relinquish the last of their South Pacific defense responsibilities when the New Hebrides become independent in 1980. The US military presence is limited mainly to Guam and Hawaii.

Despite the limited, largely internal, and perhaps unlikely-to-eventuate character of the security threats posed in Section I, some newly-independent island states have expressed ambivalent concerns with respect to their security. On the one hand, most seek to avoid formal defense alliances and entanglement in great power rivalry. Yet many also continue to view Soviet expansionism in rather simplistic cold war terms. A few remain nervous about Japan and the PRC. The loss of British or other protection with independence thus has occasioned some unease vis-a-vis ill-defined threats. The basic conservatism of island societies, coupled with strong church influences, also assures some perception of a Soviet political subversion threat. That perception is reinforced by PRC diplomats.

Whatever the cause and perceptions, Kiribati and Tuvalu have negotiated Treaties of Friendship with the US which at least imply consideration of security assistance in times of "international crisis." Others have expressed the hope that ANZUS will provide a security umbrella to those islands. Tonga and the Cook Islands have sought to become ANZUS signatories. Western Samoa asserts, presumably as an expression of hope, that it falls under American protection given the proximity of American Samoa. Fiji, though citing no external threat, welcomes close defense cooperation ties with Australia and New Zealand. Similarly, Papua New Guinea has entered into close defense cooperation arrangements with Australia which fall short of reciprocal security commitments.

**Existing Security Arrangements** — In a legal sense, the ANZUS commitment comes into play only in the event of an attack on any of the three signatories "in the Pacific area."

But it is at least implicit that any security threat to a Pacific island which also posed a major security threat to an ANZUS partner would activate the ANZUS commitment. In this sense ANZUS umbrellas the South Pacific. However, the difficulty of satisfactorily defining applicable threats in treaty language and the reluctance of the ANZUS governments to expand the alliance preclude formal extension of ANZUS to the island states. Much the same considerations apply to bilateral security treaties between island states and any of the ANZUS partners. An additional consideration is the reluctance of Australia and New Zealand to enter into commitments which could involve them in internal security problems.

Nonetheless, Australia and New Zealand accept a security leadership role in the South Pacific which implies commitment to meet external threats. Key elements of that role presently include the following:

- Australia has entered into defense cooperation arrangements with Papua New Guinea and Fiji which provide for consultations on security concerns, secondment of military personnel to the defense forces of those states, training, joint exercises, and provision of equipment;

- New Zealand has similar arrangements with Fiji and Tonga;

- Both have provided assurances of their interest in the security of the region, but especially Australia with respect to Papua New Guinea and the Solomons, and New Zealand with respect to Fiji, Western Samoa, and Tonga;

- Both maintain a capability to deploy forces into the Pacific islands.

The US Government, other than very limited FMS arrangements (mine sweepers for patrol craft use by Fiji) has no direct defense relationship with any of the South Pacific states.

**Treaty of Friendship Arrangements** — The independence of Tuvalu in 1978, and of Kiribati in 1979 (Hawaii's nearest foreign neighbors), pose the possibility that negotiated arrangements to protect US defense interests in the Trust Territory of the Pacific islands in the post-trusteeship period will close only the northern half of a dutch door to possible adversary basing. Hostile bases (though highly unlikely) in Tuvalu and Kiribati could threaten Hawaii and negate adversary denial arrangements in the Marshall and Caroline Islands.

A quasi-security relationship was concluded between the US and Tuvalu in January 1979. Article III of the Treaty of Friendship provides that the two governments "agree to consult during times of international crisis regarding any requests by the United States for use of Tuvaluan territory for military purposes and by Tuvalu for assistance and support." The two governments also agree to consult regarding any proposed use of Tuvaluan territory for military purposes by third parties.

A similar treaty has been negotiated with Kiribati and includes a provision for US veto of third-party access to various Kiribati islands previously claimed by the US (e.g., Canton Island). The denial provisions in both treaties are seen as essential to Senate acceptance of provisions in the treaties for US relinquishment of claims to several Tuvaluan and Kiribati islands.

The Kiribati and Tuvalu treaties are necessary if for no other purpose than to clear up disputed islands claims in a manner acceptable to the US Congress. Since it is unlikely any other states would make concessions (such as denial of adversary basing) which might offset the potential liabilities of such treaties, there appears to be no reason to extend them to other areas.

**ANZUS "Umbrella" Assurances** — A further recent development has been ANZUS-communicue language designed to provide assurances without specific commitments. Under this formula the ANZUS partners in effect affirm their interest in the peace, stability, and territorial integrity of the Pacific islands, and a willingness to consult and cooperate with island states that perceive themselves as being threatened. Such language offers nothing that has not been stated bilaterally (in the form of quiet assurances) by the various ANZUS partners in the South Pacific. Nonetheless, it can be interpreted as ANZUS extension of a security umbrella to the region.

**Informal US Defense Cooperation** — From time to time the defense forces of Fiji and Papua New Guinea have expressed interest in procuring some equipment and training from the US, limited US force participation in joint exercises (perhaps together with Australia and New Zealand), and other forms of low level cooperation. Although we should in no way attempt to replace Australian/New Zealand arrangements, a low-level of defense cooperation would serve our political objectives in the region.

#### **US Territories in the Pacific and Decolonization Pressures**

American Samoa's, Guam's and the Trust Territory of the Pacific Islands' participation in South Pacific regional institutions, and their expanding informal regional ties, do pose several issues:

- The character and limits of their relationships with the region, their role vis-a-vis US regional policy objectives; and

- The US response to "decolonization" pressures within the South Pacific.

**Background.** All three territories have as a common formal link to the South Pacific their participation in the South Pacific Conference. Beyond that link the degree and substance of their regional involvement varies considerably.

The Trust Territory's relationships with the South Pacific, though increasing, have been limited and sporadic. Historical, cultural, trade, tourism, and investment links with Japan, and political, security, administrative, trade, education, transportation, investment

and budgetary links with the US have oriented the relationships of those islands toward Japan and the United States. Distances from the South Pacific, poor transportation links, and a leadership preoccupation for the past ten years with the issue of future relationships with the US have all reinforced Micronesia's relative isolation from its island neighbors to the South. Nonetheless, a pattern of increasing contact has begun to emerge in recent years as Micronesians and South Pacific islanders have found common cause on a range of issues: LOS questions involving the scope and character of territorial seas and marine resource zones; management and control of marine resources; tourism development; preservation of island cultures; development problems and techniques unique to small islands; nuclear issues; and decolonization. However, cooperation even in these areas has been largely informal in the absence of a common institutional framework other than the non-political SPC.

The turning point will be termination of the US trusteeship in Micronesia in the early 1980's. The Commonwealth of the North Marianas will enter into a full territorial relationship with the US, and its 16,000 inhabitants will become US citizens. The remainder of the Trust Territory — Palau, the Federated States of Micronesia, and the Marshalls — will separately become quasi-independent states in free association with the US and will have full responsibility for and control of their foreign affairs — except in defense matters which will remain the responsibility of the US. The three new Micronesian states, while not qualifying for membership in the UN and most other international organizations, almost certainly will be admitted to the South Pacific Forum and SPEC on the same basis as self-governing states in the South Pacific.

The Northern Marianas — though likely to join the South Pacific Conference — generally perceive themselves as having little affinity with the South Pacific. This, taken with expanding trade, tourism, and investment links with Japan, would appear to assure a largely passive role for those islands within the South Pacific context.

Much the same comment applies to Guam. Investment and tourism ties with Japan, American acculturation, relatively high standards of living, intense pride in their status as American citizens, sentiment for evolution to statehood, and the economic importance of the US defense presence together assure only superficial interest in and links with the South Pacific. Aside from continuing pro forma participation in the South Pacific Conference, this detachment from South Pacific affairs seems likely to continue, and will be reinforced by a South Pacific perception that Guam has neither problems nor aspirations that relate to the South Pacific.

American Samoa is uniquely different in most aspects. Only by accident of colonial history is that territory politically separated from Western Samoa. Geographically, culturally, and ethnically it perceives itself and is accepted as being part of the South Pacific. Strong family ties link American Samoans with Western Samoa, Tonga, the Cooks, and other nearby islands. Aside from US grants the economy is dependent on tuna processing plants supplied from the marine source zones of neighboring states and territories, and on a common tourism market. Its leaders maintain close ties with the political leaders of the South Pacific. Yet the American Samoans also pride themselves on their political ties with the US, and presently tend to resist change which may weaken the "American connection." Only after several referenda did they accept movement from a federally-appointed to an elected Governor. The first elected Governor, a Samoan, assumed office in 1978.

Looking to the future, American Samoa is unlikely to move to a closer political relationship with the US. Full application of the US Constitution and a conversion of Samoans from US national to citizen status would necessitate termination of Samoan land tenure law essential to preservation of Samoan culture — but discriminatory vis-a-vis non-Samoan US citizens. As Samoans gain confidence in their ability to manage their affairs and also retain the American connection, and as they engage themselves more fully in regional affairs, they may in time seek a somewhat looser political relationship — perhaps similar to that of Cook Islands' free association with New Zealand. The latter could preserve for the Samoans all essential advantages of their present relationship with the US, and protection of minimal US security and other basic interests in that territory, while also permitting Samoa to become an equal partner to the region's independent states within a regional context.

**Future Roles, Relationships, and Limits** — Except for the three Micronesian states after termination of the trusteeship, fundamental restraints limit the foreign affairs activities of US territories in the Pacific.

— An inability to join most international/regional organizations owing to US Constitutional restraints on territorial and state conduct of foreign affairs, and organizational membership rules excluding dependent territories. Of particular importance, the region's principal political organization, the South Pacific Forum, admits only independent and self-governing states capable of binding themselves to Forum decisions without reference to a higher political or constitutional authority.

— A related legal inability to enter into "government to government agreements."

— Limited internal revenues (as against appropriated Congressional funds) which the territories might commit in their own right to regional projects.

US policy with respect to territorial involvement in regional affairs has been ambivalent. We have favored non-political cooperation between our territories and the rest of the South Pacific on a range of common technical, educational, and developmental problems. At the same time, we have in the past opposed or barely tolerated territorial initiatives smacking of "government to government" relationships. Until the recent past we have been reluctant to accept changes in the South Pacific Commission charter which permit dependent territories to maintain a fully independent and equal representation and thus conceivably adopt positions in contravention to US policy.

Yet the territories, especially American Samoa, are determined to play a more active international role in pursuit of what they perceive as their special territorial interests. The Trust Territory and to a lesser extent Guam have developed wide-ranging informal and even quasi-official political and economic links with Japan in both the public and private sectors, while American Samoa cultivates similar links with its island state neighbors, including through active membership in a range of quasi-official regional corporations and "councils." Though technically not international organizations, membership and funding are governmental. Prime examples are the Pacific Islands Development Commission, the Pacific Islands Tourism Development Council (whose membership embraces Hawaii, US Pacific territories, and a number of South Pacific territories and independent states), and the Pacific Tuna Development Foundation. A recent activity of the PITDC was a regional heads of government meeting in American Samoa, initiated by the Governor of American Samoa, which also informally discussed regional fisheries and other issues of a non-tourism and highly political character.

At another level, American Samoa, and its immediate neighbors — but especially Western Samoa — increasingly share their respective educational institutions and technical services in a common effort to achieve economies of scale.

Aside from common Polynesian ethnic, cultural, and family ties with its neighbors, factors underlying American Samoa's expanding sub-regional role are:

- A shared perceived need to develop jointly their tourist industries and various infrastructure services and institutions;

- American Samoa's dependence on the marine resources of its neighbors;

- American Samoa's hope of becoming a trading and processing entrepot for the central South Pacific; and

- An American Samoan leadership ambition to play a more active role in the South Pacific.

From the above it is apparent that our Pacific territories can and will engage themselves in a foreign affairs role within the region. From a federal point of view, increased American Samoan participation in regional affairs can serve a range of US policy objectives:

- Samoan participation in and influence within the region reinforces existing regional tendencies toward moderation;

- Territorial participation in regional affairs enhances a regional perception of the US being a part of the region, and the credibility of our policy of encouraging the strengthening of regional institutions and cohesion. As a practical matter we cannot encourage South Pacific regionalism and simultaneously deny our territories an active role in that area;

- The relative economic strength of our territories permits them to contribute to the strengthening of regional institutions and services while also providing further opportunities for territorial development;

- An active regional role for American Samoa (and the other territories) tends to dampen emerging regional decolonization initiatives or pressures directed at the US "colonial presence" in the area;

- American Samoa's "in-house" regional relationships can provide a supportive and credible autonomous voice vis-a-vis US policy and objectives in the area.

On the other hand problems can arise from an active territorial role in the region.

- Territorial leaders inadvertently may pursue courses of action and make representations which, though perceived to be in a territorial interest, could be in conflict with US interests and objectives in the area. A consequence of American Samoa's initiatives toward close-cooperation with Western Samoa, Tonga, and the Cook Islands could be establishment of sub-regional associations and positions which might threaten the viability of existing regional institutions.

— The absence of policy control over territorial leaders and of day-to-day policy communications between the Department of State and the various territorial governors can cause conflicts in US signals to the area.

— To the extent that US territories and the US are separately represented in regional bodies and conferences, there is the possibility that territorial delegations will press positions and vote on issues in conflict with US policy. Offsetting this risk, territorial votes and positions are unlikely to be decisive and in any event would not be binding on the US.

On balance, the advantages to increased American Samoan participation in regional affairs outweigh the risks. Aside from this consideration, the degree of continued informal territorial participation in regional affairs largely will be determined by territorial and regional leaders, and not by policy decisions in Washington. Our efforts therefore should be directed at guiding and channeling territorial involvement. This requires measures to assure territorial leaders are fully aware of US regional policy guidelines and restraints. This objective can be served by Pearson Amendment assignment of a Department of State (FSO) advisor to the Governor of American Samoa — an arrangement sought by the present Governor. An FSO on detail in Pago Pago could strengthen American Samoa's support of US interests in the area by assuring adequate coordination of territorial and federal activity in the South Pacific, by keeping the Governor current on US policy and relevant developments in US relationships with the area, and by playing an advisory role vis-a-vis American Samoan participation in regional affairs.

Most of the above discussion of territorial involvement in the South Pacific is of course particularly applicable to American Samoa. Nonetheless even Guam's and the Northern Marianas' marginal involvement in the area will to some degree offer the same advantages as American Samoa's.

The Micronesian states, once the trusteeship is terminated, will manage their own relationships with the South Pacific. They probably will play an active role within the South Pacific Forum — if only because that is likely to be the only significant international organization for which they will qualify for full membership. We also can encourage the Micronesians to play a more active role in South Pacific development by considering possibilities for regionalizing some of their transportation services, and key educational and public health institutions.

Though not within the scope of this study, US policy objectives in the region can be furthered by greater Hawaiian participation in regional development — especially in the areas of tropical agronomy, marine resources development, trade, and educational and cultural exchange. Hawaii's Department of Planning and Economic Development recently published a blueprint for expanded Hawaiian participation in Pacific affairs: "Hawaii and the Other Pacific Islands," authored by Department of State FSO Harlan Lee.

**Decolonization Pressures** — Until the recent past decolonization pressures directed at US territories by South Pacific states were nearly non-existent and confined largely to generalized statements of principle with which the US could not quarrel. Fiji and Papua New Guinea, within the UN context, offered voices of moderation and often played a helpful supportive role. By way of contrast, strong attacks on French colonialism, spurred by perceptions of political unrest in the French territories, and by regional opposition to nuclear testing in French Polynesia, have been present for years and today assure that France is something of a political pariah within the Pacific.

Recently, however, South Pacific leader attacks on French colonialism in the Pacific have occasionally tended to embrace "US colonialism." Western Samoan, Solomon Islands, Papua New Guinea, and Fiji UN statements drew little distinction between France and the US during 1978 UN General Assembly speeches attacking colonialism in the Pacific.

Some knowledgeable observers assert that some South Pacific leaders view the US as an unreconstructed colonial power different from France only in its level of hypocritical rhetoric, and that this perception importantly colors our bilateral relations with some island states.

The causes for the unfavorable change in attitudes toward the US territorial presence in the Pacific are several:

- Micronesian leaders, particularly those seeking independence, have sought to cultivate South Pacific support in their negotiations with the US. They undoubtedly have convinced some island leaders that the US Government, at least until the recent past, has been less than forthcoming in fulfilling its trusteeship commitment to guide those islands to "self-government or independence."

- Until the recent past the US was seen as little better than France with respect to its position on expanded territorial participation in the South Pacific Commission/Conference.

— Most leaders who accept that there is little sentiment for independence or looser relationships with the US in Guam and American Samoa also believe that US territorial development policies discourage such sentiment, and that the US would never permit these territories to opt for independence.

— Those who are otherwise sympathetic to our position in the Pacific wonder why, if we have nothing to hide, we have been so reluctant in the past to expose Guam and American Samoa to UN Committee of 24 visitations.

— Much of the leadership that is critical of our territorial relationships has had little or no direct contact with American Samoa and Guam.

It will not be possible to eliminate completely these perceptions and decolonization rhetoric. Nonetheless, a number of measures can be taken which may keep the latter within tolerable limits, head off embarrassing regional decolonization initiatives directed at the US, break the linkage and identification with France's position in the Pacific, and thus prevent the status of our territories becoming a serious irritant in our regional relationships.

— Although we have accepted various UN resolutions endorsing US territorial self-determination and rights to "self-government or independence," we have not applied to the Pacific the Puerto Rico formula. There would be no risk and much to be gained in the South Pacific if high level US officials publicly asserted in a matter of fact way that the USG would accept a decision of any of our Pacific territories to break their political links with the US and become independent. A refinement of the above could be to encourage referenda on political status with UN and regional observers present.

— The decision by the current administration to reverse past policy and permit Committee of 24 visits to our territories is a helpful measure. We should assure that Committee visiting missions include representatives from the South Pacific.

— Ambassador Rosenblatt, the President's Personal Representative for Micronesian Status Negotiations, in 1978 initiated personal briefings of key South Pacific leaders on the Micronesian future political status negotiations. This effort should be continued and include periodic briefings of South Pacific missions to the UN.

— Since much of our colonial image in the South Pacific is a misperception problem, we might utilize the educational and cultural exchange program to encourage visits of South Pacific

opinion leaders to US territories. Similarly, territorial leaders could be selected for lecture tours in the South Pacific.

— South Pacific representatives could be invited to observe Micronesia's act of self-determination.

— Encouragement of continuing expansion of territorial participation in regional affairs will help dampen decolonization pressures.

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Pending decolonization of French Polynesia and New Caledonia, most of the heat will remain directed at the French. Pressures directed at US territories (assuming termination of the Micronesian trusteeship in the next several years) will remain a tolerable irritant which can be coped with through the measures suggested above. After decolonization of the French Pacific, the US will be the last significant colonial presence in the area. Such pressures as may then emerge will for the most part be directed at American Samoa owing to that territory's presence in the South Pacific. The level of pressure will largely depend on perceptions of the level of self-government then existing in American Samoa, and of our preparedness to respond to any future Samoan sentiment for a further change in political status.

#### **US Assistance to the South Pacific**

**AID Programs** — Most Pacific islands are heavily dependent on external assistance for both development and budget support. Only Fiji, Papua New Guinea and possibly the Solomons have a population and resource base capable of development to the point where external assistance may no longer be essential to national survival. Aside from phosphate-rich Nauru, all others have little hope of ever being other than international economic wards. The level of current dependence is heightened by the fact that serious development planning and assistance flows began only in the 1970s. It is compounded by the fact that some international financial institutions (IFIs) and other potential donors are unprepared to adopt simplified procedures for processing the relatively small sums essential to the region's development.

Nonetheless, the past several years have seen significant increases in external assistance flows. Although the total and breakdowns are difficult to measure, available data suggest that total external assistance to the area is now over \$900 million annually, or nearly \$200 per capita in bilateral and international financial institution

assistance. Most aid is in the form of bilateral grants, with concessional loans coming primarily from the IFLs. The major donors currently are: Australia (\$275 million); France (\$268 million); US (\$227 million); Britain (\$40 million); and, New Zealand (\$30 million). Other donors include West Germany, Japan, Canada, the ADB, UNDP, IMF, IBRD, and the EEC.

Although the total is impressive, it is misleading owing to extreme imbalances in distribution. While France and the US contribute over half of the above \$900 million, nearly all of that amount is in budget support and program expenditures in French and US dependencies having a total population of only 907,500 (i.e., 19 percent of the region's population receives about 56 percent of currently available assistance.) The US contribution consists mainly of about \$225 million in Interior Department appropriations, and only about \$2/\$3 million annually in AID appropriations to non-US areas. Another quarter of the total, about \$250 million, is from Australia to Papua New Guinea alone. US aid to non-US areas of the South Pacific began in 1977 and thus far totals about \$3.3 million for the 4.5 million people of the South Pacific.

The 1976 USG decision to establish a South Pacific AID program was taken with two fundamental political objectives in mind:

(1) To respond to Australian/New Zealand concern that the inadequacy of their assistance resources coupled with US neglect of the area could assure that some island states might respond to Soviet overtures and permit Moscow to establish a foothold in the area. The immediate causes for this concern were increases in Soviet maritime activity in the area and 1976 Western Samoan and Tongan discussions with the Soviets of a proposal by the latter for Soviet assistance in return for Soviet fishing fleet bases in those islands.

(2) To halt and hopefully reverse the erosion of South Pacific good will toward the US prompted by postwar inattention to the region.

Related to the foregoing objectives, Canberra and Wellington perceive near-term regional shortfalls in foreign exchange/external assistance as development costs and import bills skyrocket parallel to rising islander expectations and population increases.

However, relative priorities, budgetary ceilings, and a then existing Congressional global ceiling on bilateral programs dictated that an AID program in the area operate under the following guidelines.

— US assistance would be essentially nominal grant aid supportive of the Australian and New Zealand assistance roles. The latter

governments would be expected to continue to have primary responsibility for the South Pacific.

— No bilateral agreements and programs would be established. AID funds would be channeled primarily through private voluntary organizations (PVOs), regional institutions, and Peace Corps volunteers (via accelerated impact program grants — AIP).

— The USG would use its influence within the Asian Development Bank and other international financial institutions to encourage those organizations to increase their assistance flows to the South Pacific.

Table II details the programs and projects funded to date under these parameters. AID hopes to expand its program to about \$5 million annually by 1982.

Those familiar with AID's embryonic operations in the South Pacific are convinced that the present mechanisms for channeling current modest grant assistance into the area are the most effective possible in terms of our objectives and recipient needs.

Issues arising from our present effort are: the appropriateness of our AID program's political and economic objectives; the program's magnitude and character — including whether bilateral programs should be established; the desirability of encouraging new aid donors; and the need for a coordinated aid effort in the region — perhaps via a consortium.

The policy objectives laid down at the outset of our South Pacific AID program remain applicable, are expanded in this study's policy framework suggestions (Section II), cannot be separated from shared allied (Australia and New Zealand) objectives, and deserve restatement below as guidelines to any modification of our AID strategy.

Adequate and effective allied economic assistance is critical in terms of assuring that developmental and budget support requirements are sufficiently met to support continuing stability, and to minimize prospects for a more costly great power competition in the area. This requires that we and our ANZUS partners identify to a far greater degree than has been done thus far the region's present and projected minimum external assistance requirements, absorptive capacities, and anticipated shortfalls. Ideally this exercise would be accompanied by an allocation of donor responsibilities tailored to donor resource capabilities and interests — in other words, an effort to reduce the existing imbalance in aid flows.

**Table 2****AID-Funded Projects in the South Pacific**

The Agency for International Development provided \$3.3 million in grants to private and regional institutions working in the South Pacific from 1977 to May, 1979. Additional proposals amounting to several million dollars are now in various stages of consideration. The projects currently funded are as follows:

| <b>Operational Program Grants (1977 to May 31, 1979)</b> | <b>Amount</b>      |
|----------------------------------------------------------|--------------------|
| Foundation for Peoples of the South Pacific              |                    |
| Papua New Guinea                                         | \$ 548,240         |
| Tonga                                                    | 350,000            |
| Western Samoa                                            | 350,000            |
| Summer Institute of Linguistics                          |                    |
| Papua New Guinea                                         | 624,760            |
| Young Men's Christian Association (US)                   |                    |
| Fiji                                                     | 33,184             |
| <b>Other Grants (to date)</b>                            |                    |
| University of the South Pacific                          |                    |
| Satellite Communications Project                         | 475,000            |
| Amendment                                                | 230,000            |
| South Pacific Commission                                 |                    |
| Skipjack Tuna Survey                                     | 300,000            |
| Amendment                                                | 230,000            |
| University of Hawaii                                     |                    |
| Alafua College of Agriculture                            | 47,000             |
| Facilities Survey                                        |                    |
| Cornell University                                       |                    |
| Seismic Networks Project — Fiji                          | 100,000            |
| <b>Accelerated Impact Program</b>                        |                    |
| Tonga, Solomon Islands, Western Samoa,                   | 100,000            |
| Fiji and Tuvalu                                          |                    |
| <b>Total</b>                                             | <b>\$3,308,184</b> |

The geometrically increasing assistance requirements of the region, coupled with the foregoing objective and the limited availability of assistance from Australia, New Zealand and the US, establishes yet another objective; the continuing expansion of IFI assistance, and that from West Germany, the EEC, Japan and other Western sources.

Another allied aid objective related to the area's stability and viability must be the strengthening of regional institutions and services to provide the economies of scale not available to island states having neither the resources nor population base to provide a full range of essential services and national developmental needs. Despite sub-regional, national, and leadership rivalries, South Pacific states accept this premise, and allied assistance programs could give an even higher priority to support of regional programs and institutions.

Finally, existing bilateral, regional, and IFI assistance programs have evolved independently of each other. Australia, New Zealand, US and other aid donors pick and choose from among island development projects and priorities on the basis of donor preferences rather than recipient priorities. Though a problem not unique to the South Pacific, the impact of such a methodology on micro-states nearly total dependent on external assistance is uniquely counter-productive. Rational formulation and implementation of national development plans becomes nearly impossible with resultant serious economic imbalances and developmental gaps. Thus a further allied objective could be (perhaps in cooperation with SPEC or the SPC) an effective donor coordination mechanism. A region-wide donor consortium would be too ambitious a project, but such a refined approach might be appropriate and practical with respect to several of the more minuscule and needy island states.

The above objectives shared with our ANZUS partners must be supported by US national sub-objectives. The latter, given limited AID resources available for the South Pacific, must be modest:

- To play an effective but supporting secondary developmental role to Australia's and New Zealand's lead, and to encourage the IFIs, Japan, Canada, West Germany, and other friendly donors to expand or establish assistance programs in the area;

- To convince regional states that our interest in their development and welfare is genuine — but without establishing unrealizable expectations vis-a-vis the magnitude of US assistance;

- To foster development in areas which will serve not only allied but also direct US interests, i.e., cooperation in marine resources conservation and management;

- To encourage cooperation between US territories and the states and other territories of the South Pacific as a partial means of reducing destabilizing developmental imbalances which now exist.

The above objectives suggest a number of implementing strategy principles.

— While concentration of our limited aid in one or two states might be more efficient, such action would be deeply resented by non-recipients and thus be extremely counter-productive vis-a-vis basic US regional interests and objectives. Conversely, any US effort to assist all would dilute our assistance to a point of zero political and development return. The present mix of support of regional projects, and of projects in the most needy and in the most politically important states of the region appears to be about right.

— The negative reaction of a key regional state, Fiji, to our present policy of not establishing bilateral programs appears to be offsetting, at least in that country, the modest political mileage established by our current efforts. The 1978 Congressional removal of a global ceiling on bilateral programs does provide greater flexibility than existed at the outset of the South Pacific program. However, Fiji's per capita national income makes that country, under existing AID guidelines, ineligible for most forms of bilateral aid. Moreover, establishment of a bilateral program in one major South Pacific state inevitably would generate a clamoring for similar treatment by others. A plethora of bilateral programs with very limited resources assuredly would be counterproductive. The region would soon find itself inundated with AID technicians, programmers, and accountants, and little in the way of compensating developmental assistance. A partial response to the particular case of Fiji, and perhaps that of several other key island states, would be to fund a higher level of regional projects centered in these states — with consequent local economic spinoffs.

— A key political objective in the region, that of being accepted by island states as an interested and concerned partner, is not adequately served by present AID levels. Of longer term consequence, current and projected levels are likely to be an inadequate contribution vis-a-vis projected area needs. In the South Pacific we are already seen as talking more and doing less for the area's development than Japan, West Germany, the EEC, and others with a lesser magnitude of interests. If we are serious about the pursuit of our political objectives in the area, and protection of our national and allied interests, levels of US assistance must more closely match both rhetoric and interests. This requires aid levels less than that of our ANZUS partners, but demonstrably more than that of most other donors, i.e., a range of \$10-20 million annually. That amount, less than most bilateral programs elsewhere, is a small price to pay to prevent an otherwise inevitable return to erosion of good will and of our position in the area.

Assistance of this magnitude would permit projects and programs having important, as against marginal, regional and national developmental impact. Senator John Glenn and several other key senators and congressmen favor an increase in US assistance to the South Pacific.

— Related to the foregoing, an expanded US assistance program should operate as "seed money" vis-a-vis Japan and European donors.

— Various centrifugal forces in the South Pacific, including tendencies toward sub-regional groupings perhaps in conflict with existing regional arrangements, have been noted. Although the trend may be irreversible, we should avoid projects which will be perceived as encouraging regional fragmentation. The political consequences of a regional perception, particularly in Fiji and Papua New Guinea, of US pursuit of a "divide and rule" approach could be costly with respect to our fundamental regional interests.

— Given the modest character of even an expanded AID program, those areas where we can make the most effective contribution and simultaneously serve US political and economic interests would appear to be as follows:

- Rural Development, including "quality of life"
- Marine resources development and management
- Transportation and telecommunications
- Education and skills training
- Population control and Public Health Services
- Aquaculture
- Alternate energy sources
- P.L. 480 programs having a balance of payments impact

**Peace Corps** — The Peace Corps has operated in the South Pacific since the mid-1960's and now has well over 400 volunteers in:

- Fiji
- Tonga
- Western Samoa
- Kiribati
- Tuvalu
- Solomon Islands
- Trust Territory of the Pacific Islands

A possible additional country program is Papua New Guinea. The Peace Corps since the late 1960s has been prepared to establish a program in that country, but no decision has been taken by Port Moresby.

The present focus of volunteer programs is on secondary education, and agricultural and rural development. Volunteers are also engaged in fisheries development, public health and other social and community services, and in mid-level management or skill positions in island governments. The latter program is being phased out in those instances where there are no provisions to train local counterparts to replace volunteers.

Aside from difficulties common to most PC programs, i.e. support arrangements, a tendency to cluster in urban areas, and confusion in program goals arising from changes of leadership in Washington, the Peace Corps' South Pacific programs have been exceptionally successful and warmly welcomed by all host governments. The volunteers also have been a major factor in preserving good will toward the US in an area where no other US assistance programs existed until 1977, and where, with the exception of Fiji and Papua New Guinea, they remain the sole US official presence. Since the latter situation is likely to continue in most island states, AID's decision to make available to volunteers accelerated impact program grants for community and other self-help development projects is a particularly important contribution to enhancement of the US image, and an effective means of channeling AID monies into politically important "quality of life" projects. In sum, the Peace Corps' South Pacific programs are without question valuable US assets supportive of our political and developmental objectives in that area, and should be expanded in response to island government initiatives, and where absorptive capacity permits. However, the following considerations are important in determining program expansion and content.

- Since the volunteers are the sole US presence in most island states, and are highly visible in small and isolated societies, particular care should be given to volunteer selection.

- Peace Corps' current low-profile stance of responding to requests for volunteer programs and services should be continued. A past tendency to proselytize for new programs should be avoided given island government sensitivities.

- Since the single greatest short-term factor limiting the absorptive capacity of the smaller island states vis-a-vis available external assistance is the smallness and inexperience of their bureaucracies, the Peace Corps should be more responsive to requests for volunteers to fill mid-level management and skill positions in government "line" positions. Volunteer assistance to expansion of fiscal absorptive capacity through a speeding up of clogged external assis-

tance pipelines flows could become the Peace Corps' single most important contribution to development.

**Other Forms of Assistance** — AID (and the Peace Corps) should not be the only means of economic cooperation and assistance in the South Pacific. Other possibilities deserving of exploration include the following:

— For many of the smaller island states the most immediate impediment to development is the above-mentioned absence of qualified public service staff capable of formulating and implementing development projects. In some instances, e.g., Tonga, drawdowns on available assistance are at a snail's pace owing to this bureaucratic limit. The possibility of assigning HEW, HUD, Commerce, and other USG officials to island "line" government positions on non-reimbursable detail (as do Australia and New Zealand with considerable success) could be explored.

— Owing to traditional shipping and trade patterns, the island states rely primarily on Australia and New Zealand for most imported goods. Even imports from the US tend to be purchased through Australian exporters, and often are shipped through Australia. Aside from the obvious cost disadvantages of these arrangements, periodic dock strikes in Australia and New Zealand have a devastating impact on island states whose dependence on regular supply is a major economic factor. Island leaders desire diversification of supply through trade and transport links with Hawaii and the US West Coast. US shipping companies in turn maintain that they are willing to serve the area — provided there is cargo. An effort should be made to put island importers, trade ministries, US exporters, and shipping companies together to determine how direct trade and transportation links might be profitably established.

— American Samoa is developing a range of common services and institutions with neighboring island states — with economies of scale for all concerned. The USG should encourage the Trust Territory's political leadership to develop similar regional cooperation relationships with its South Pacific neighbors. As examples, Micronesia's shipping line might also service states to the immediate south (e.g., Kiribati and Tuvalu), while some Micronesian educational and public health institutions might be regionalized and also serve near neighbors. Again, economies of scale would be beneficial to all.

— Similarly, the various regional organizations established by Hawaii and the US Pacific territories (e.g. the Pacific Islands Development Commission and the Pacific Islands Tuna Development Foundation) should be encouraged to work closely with the South

Pacific Commission, the South Pacific Bureau for Economic Cooperation, and with South Pacific island governments, on marine resource research, transportation and marketing problems, and other common areas of interests. This especially applies to the Pacific Island Regional Commission (an organization patterned after US mainland regional economic commission), presently being formed by Hawaii, American Samoa, Guam, and the Northern Marianas.

### **Nuclear Issues**

Although presently relatively quiescent, nuclear issues periodically arise in the South Pacific and are among the most emotionally and politically charged of regional questions. They thus have the potential of seriously complicating our bilateral and regional relationships in the South Pacific — as well as broader and more basic interests, e.g., US Navy access to the South Pacific and to our ANZUS partners.

**Nuclear Testing** — Quite literally the primary origin of nuclear issues in the Pacific islands was fallout from US nuclear tests in the late 1940s and in the 1950s in the Marshall Islands. Accidental exposure of Marshall Islanders to high levels of radioactive fallout — with resultant leukemia, thyroid and other nuclear-related health problems — sensitized the Pacific islands to all things nuclear. This sensitivity has been compounded by continuing high levels of radioactivity in test-contaminated islands. Despite costly, massive and well-publicized US government cleanup efforts, many *displaced inhabitants* have been unable to return to their islands. Today, they are portrayed by South Pacific anti-nuclear groups as martyrs of super-power nuclear rivalry.

Region-wide concern for all things nuclear exists in large measure because these incidents and residual problems occurred despite repeated US Government reassurances of little or no risk. Reassurances today concerning other nuclear questions — e.g., storage of spent nuclear fuel and the safety of nuclear-propelled warships (NPWS) — thus are seen as less than credible. The Three-mile Island incident seriously compounded these problems.

Although the US Government no longer conducts nuclear tests in the Pacific islands, the commencement in the 1960s of French atmospheric nuclear testing in the Pacific coincided with the political awakening of the islands, came under sharp political attack in Australia and New Zealand, and spurred allegations of a surge in Polynesia of leukemia and other illnesses attributable to nuclear testing. By the mid-1970s anti-French bomb protests included governmental actions unparalleled in the area to this day. The Fiji, Australian, and New Zealand Governments, acting on behalf of the South

Pacific Forum, sought UN condemnation. The New Zealand government posted Navy ships in the test area as a protest measure. Trade unions effectively closed most ports and airports in the South Pacific to French shipping and aircraft, and for a while terminated postal ties with France. South Pacific Conference resolutions condemning French nuclear tests prompted a French SPC walkout. Respected church groups, leftist trade unions, students, and political leaders of various hues coalesced into anti-nuclear groups which remain alive today and draw support from a full political spectrum — but mainly the left. Their political strength in New Zealand and some island states is such that no government can afford to ignore their concerns.

The French ultimately responded to regional pressures by terminating atmospheric tests and introducing an underground test program. This development, coupled with the 1976 return to office of conservative parties in Australia and New Zealand, and UN endorsement in 1975 of a proposal for the establishment of South Pacific Nuclear Free Zone, temporarily defused the situation. However, all governments in the area, including the present Australian and New Zealand governments, remain formally opposed to French nuclear testing in the Pacific.

The nuclear testing issue currently remains on the back burner and poses no immediate threat to US interests in the area. Its revival as an issue would, however, be assured by a Labor Party return to office in New Zealand or by a French return to atmospheric testing. Direct US interests would become involved in that revived attention to French nuclear testing inevitably would embrace broader nuclear questions, such as those discussed below.

**South Pacific Nuclear Free Zone Proposals** — Various proposals for the establishment of nuclear-free zones in the South Pacific hold significant potential over the next five years or so of complicating and straining our relationship with various island states and New Zealand.

In July 1975, acting on a New Zealand Labor Government initiative, South Pacific Forum heads of government issued a joint statement which reaffirmed opposition to nuclear testing in the Pacific and "emphasized the importance of keeping the region free from the risk of nuclear contamination and involvement in a nuclear conflict." The Forum also "commended the idea of establishing a nuclear weapons free zone in the South Pacific as a means of achieving that aim." The proposal was taken to the UN General Assembly in late 1975. New Zealand, Fiji, Papua New Guinea and six other member states introduced a resolution which endorsed establishment of a nuclear-

weapons-free zone in the South Pacific, invited the countries concerned to consult on ways and means to realize that objective, and expressed the hope that the nuclear weapons states would cooperate fully in achieving the zone. The resolution was adopted by the UN General Assembly in December 1975 by a vote of 110 to 0 with 20 abstentions. The latter included the US, USSR, Britain, and France. The US representative, in his explanation of the US abstention, noted that the sponsors of the zone had indicated their intention ultimately to seek its extension to the international waters of the South Pacific. The US Government could not "endorse a proposal that contemplates restrictions on internationally recognized rights of navigation and overflight of maritime areas, including the rights of innocent passage through territorial seas." Few specifics on the scope of the proposed nuclear weapons ban were offered at that time, and the geographic limits of the affected area were not defined in the UN General Assembly resolution. The key sponsors of the resolution clearly had in mind an established zone would:

- embrace all states and territories of the South Pacific between the equator and the Antarctic, and between Latin America and the western limits of Australia and Papua New Guinea — including American Samoa;

- prohibit the testing, placement, and transit of nuclear weapons within any state or territory in the South Pacific; and

- evolve to include restrictions on transit through the area (i.e., international waters) of ships or aircraft carrying nuclear weapons. The latter was essentially a New Zealand concept.

By way of contrast, US spokesmen have cited the following four criteria as essential to US support of establishment of nuclear free zones:

- (a) The initiative for the creation of the zone should come from states in the region concerned.

- (b) All states whose participation is deemed important should participate in the zone.

- (c) The zone arrangement should provide for adequate verification of compliance with the zone's provisions.

- (d) The establishment of the zone should not disturb existing security arrangements to the detriment of regional and international security.

At various times US spokesmen have raised the following additional points:

(a) The zone arrangement should effectively prohibit its parties from developing any nuclear explosive device, for whatever purpose.

(b) The zone arrangement should not seek to impose restrictions on the exercise by other states of rights recognized under international law, particularly the principle of freedom of navigation on the high seas, in international airspace, and in straits used for international navigation and the right of innocent passage through territorial seas.

(c) The establishment of a zone should not affect the existing rights of its parties under international law to grant or deny transit privileges, including port calls and overflight, to other states.

Although area governments, including those in Wellington and Canberra, continue to support in principle the nuclear weapons free zone concept, implementation has not been pressed since 1976. It now appears that serious revival of pressures for such a zone is most likely to arise when and if the Labor Party is returned to office in New Zealand.

There is a possibility that Labor will return to office in New Zealand in 1981 — with a commitment to press for a more comprehensive South Pacific nuclear-free zone. In the 1978 New Zealand election campaign the Labor Party defined its current concept of a nuclear-free zone as embracing all those elements previously listed but also broader language which could be interpreted as prohibiting installations (such as Northwest Cape in Australia) which might "unleash" nuclear weaponry.

Labor has taken the position that it will not permit entry into New Zealand of any "nuclear vessels" — i.e., not only NPWs (which were banned from New Zealand before 1975), but also any ships or aircraft carrying nuclear weapons.

Although no island government has adopted New Zealand Labor's new position, there have been significant parallel developments.

— Various anti-nuclear groups in the South Pacific, including politically important church organizations, now advocate that a South Pacific Nuclear Free Zone also embrace the Trust Territory and Guam. Although that could not be accomplished without US consent, such proposals, if pressed, would be enthusiastically endorsed by Micronesian leaders and thus become an irritant in US-Micronesian relationships.

— Western Samoa and Fiji in the recent past have shown reluctance to permit port calls by US NPWs. Tonga is the only island state thus far to accept an NPW port call.

— The present conservative New Zealand Government in June 1979 announced that it is reconsidering its present policy of admitting NPWs into New Zealand ports. The policy review was triggered by renewed domestic New Zealand concerns flowing from the Three-mile Island incident, and publicity given to a USG decision to restrict NPW visits to New York City's harbor.

— The establishment by all Pacific island states and territories of 200-mile exclusive economic zones (EEZ) poses the possibility that some island states, on environmental risk grounds, could attempt to ban NPWs from those zones. Such a ban could not be enforced, but it would establish a dangerous precedent for elsewhere while also possibly placing us in confrontation with some island governments over an emotionally charged issue.

The relationship of these various developments to US interests could be far-reaching.

— Over a third of our Navy is nuclear-propelled and the proportion is increasing. This, taken together with our basic policy neither to confirm nor to deny the presence of nuclear weapons on ships and aircraft, could lead to a situation in which New Zealand, and possibly island states influenced by New Zealand and local pressure groups, could effectively close various South Pacific ports and states to US Navy ships and many types of military aircraft. Given the overlapping or contiguous character of South Pacific 200-mile EEZs, any regional efforts to ban these areas to nuclear vessels — if complied with — could have nearly the same effect as a convention prohibiting nuclear transit of the South Pacific. This is, of course, a worst case scenario.

— A denial of much of the South Pacific to the US Navy, assuming tacit compliance with a coordinated regional effort to close ports and perhaps some EEZs to NPWs and nuclear weapons in transit, would obviously do damage to the ANZUS partnership. US Navy access to the area is primarily for the purpose of supporting our commitment to that pact. A theoretical offset, exclusion of the Soviet fleet, would have less practical importance. The Soviets do not require access to that area for strategic purposes and do not stand to lose, as do we, an historic maritime relationship and presence.

— The political onus for opposition to such restraints would, as a practical matter, fall on the US.

However, the bottom line is global rather than regional. Any significant denial of US Navy access to and transit through the area, accompanied by deterioration of the ANZUS relationship, would:

- set dangerous denuclearization precedents for other oceanic areas where our strategic and other interests may indeed be vital; and
- contribute to global perceptions of eroding US power relationships and ability to project power.

Most of the foregoing scenarios, though within the realm of the possible, do face countervailing factors or considerations which can be made to serve our interests and objectives.

- New Zealanders — and to an even greater degree Australians — view their ANZUS relationship with the US as a fundamental national necessity and as a cornerstone of their defense and foreign policies.

- If New Zealand as a nation is aware that denuclearization proposals pressed to their extreme form — including in particular efforts to denuclearize South Pacific international waters — could represent a scuttling of the ANZUS pact, it seems possible that Labor would retreat from its present extreme position. A New Zealand Labor Government would nonetheless restore the ban on NPW visits to New Zealand ports and revive promotion of at least a limited South Pacific Nuclear Weapons Free Zone.

- Although the Australian Labor Party shares New Zealand Labor's nuclear concerns, Australia's even deeper commitment to ANZUS has assured that Australian Labor Governments tend to be more pragmatic in making hard choices between idealized principles and real-world necessity. It is unlikely that any Australian Government would lend support to the more extreme of New Zealand Labor positions.

- The Soviets would be as concerned as we with respect to the application of more extreme South Pacific precedents to other global regions. They thus may avoid direct involvement in the issue but also leave to the US the political burden of resisting such precedents.

It is not possible to predict how far each island government might go in pressing, with stimuli from New Zealand, more extreme denuclearization efforts. However, it is highly unlikely that all or even most would agree to a coordinated range of extreme measures, such as port bans of NPWs and nuclear armed vessels, and closure of EEZs to NPWs.

The unfortunate other side of this coin is that the emotional content of the issues involved and the impossibility of reaching a consensus could provide the catalyst for a further and major erosion of regional cohesion and institutions. US nuclear interests would be seen as the proximate cause by many. Thus, even if we "win" on the nuclear question, we could lose with respect to broader regional interests relating to regional political cohesion.

**Spent Nuclear Fuel Storage** — This is a new and potential major issue vis-a-vis the Pacific islands. It arises from a 1978 US policy announcement to the effect that the US is prepared to store limited quantities of foreign spent nuclear fuel when this action would contribute to meeting nuclear non-proliferation goals. It also is tied to a broader policy of seeking international understandings on international spent fuel repositories. Absent appropriate controls and storage, spent nuclear fuel can be reprocessed to produce weapons grade nuclear materials. Within the Pacific context, the US seeks to designate an island fuel depot suitable for storage of spent fuel from Japan, Korea, the Philippines, and Taiwan to negate the potential for reprocessing by these states or a third party.

The essential physical criteria for an island depot include: an absence of an indigenous population and of severe weather conditions; isolation; geological stability (i.e., no threat of earthquake or volcanic activity); and access by sea and air transport.

US-owned islands presently under consideration are:

- Wake, well to the north of Micronesia in the North Pacific;
- Palmyra (the northernmost of the Line Islands), north of the equator and south of Hawaii; and
- Midway, at the northwest tip of the Hawaiian Island chain.

Spent fuel storage on a Pacific island already is being cited by many in the Pacific as but another example of callous transferral of a nuclear risk to the people of the Pacific. Threats to island ecology, marine resources, and to populations in the area are alleged, and our assurances are again seen as less than credible. The heads of government of all of the region's independent and self-governing states, at a South Pacific Forum meeting in July, 1979, adopted a resolution which: "expresses their grave concern at the possible environmental hazards in the event of the Pacific becoming an international dumping ground for nuclear wastes;" "strongly condemns any move to use the Pacific for that purpose; and urges the US to store its nuclear waste in the USA continent."

However, the ultimate level of negative political reaction in the South Pacific undoubtedly will have a geometric relationship to depot size proximity — and all three sites are in varying degrees distant from states and territories below the equator.

Palmyra is the least advantageous site from a political (i.e., proximity) point of view. The remainder of the Line Islands, immediately to the south, are part of the Kiribati Republic.

Wake, though an isolated US possession, well away from the South Pacific, is proximate to the Trust Territory. The leadership of Micronesia, fearful of all things nuclear, could attempt to make an issue of a Wake Island site and seek the political support of South Pacific states. This possibility will be enhanced by the fact that Wake is a disputed island also claimed by the Marshall Islands.

Midway, though more proximate to Honolulu, with possible US domestic political repercussions, is well distant from both the Trust Territory and the South Pacific. It therefore offers the least political risk in that context.

A risk with respect to selection of either Palmyra or Wake is the possibility that action could become the catalyst for revival of a comprehensive nuclear-free-zone effort — including its extension north of the equator. Most certainly it could complicate other but related nuclear issues which would exist in any event following a return to office of a New Zealand Labor Government.

#### **Fisheries in the South Pacific**

In a region where land resources are sparse and often consist of little more than small islands, their inhabitants, and coconut palms, the resources of the surrounding seas are viewed as the main home for future development and solvency. Although expectations relating to this resource are undoubtedly exaggerated, they have fired the imaginations of island governments. The latter in all instances assert that tuna, the principal asset, falls under the jurisdiction of island coastal states when within their respective 200-mile exclusive economic zones. The US position, that such highly migratory species do not fall under coastal state jurisdiction and should be managed under international arrangements, is seen not only as a threat to a major island resource, but also as an affront to the sovereignty of island states. The resultant clash between differing juridical positions has established an emotionally charged policy issue between the US and South Pacific nations which, more than any other recent issue, has done serious damage to our image and to our relationships with the region.

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In August 1977 the South Pacific Forum countries agreed to establish 200-mile fishing or economic zones by March 31, 1978 and to create a regional fisheries organization that would provide information and advice regarding the management of living resources in the region, and licensing, surveillance, and policing of vessels exploiting these resources.

The only fish of significant commercial importance in the region are the highly migratory tuna. These resources are generally believed to be underexploited, although the Japanese have conducted extensive fisheries in the region for many years. The South Pacific is not now heavily fished by the US tuna fleet, but the resources of the area are of increasing interest to US tuna fishermen. Of current importance, Taiwanese, Korean and other tuna fleets, operating in the economic zones of other states and territories, supply canneries and freezing plants in American Samoa, Hawaii, and the Trust Territory.

At the end of 1977, negotiations began between South Pacific states, the US, and others on the establishment of a regional fisheries organization. The US wanted to:

- protect the interests of US territories in the region as well as those of the Trust Territory of the Pacific Islands;
- ensure access for US fishermen on reasonable terms and conditions to the tuna of the region; and,
- demonstrate our interest in the states of the region by joining them in a cooperative endeavor.

During the negotiations, difficulties arose in reconciling the juridical position of the US regarding highly migratory tuna with those of other participating nations. All other nations involved in the negotiations claim national jurisdiction over tuna fishery in their economic zones. The US, as a matter of federal law, neither claims for itself nor recognizes the claims of other nations to such jurisdiction.

Section 205 of the US Fishery Conservation and Management Act of 1976 (FCMA) provides for a mandatory embargo on fish products from any nation which seizes a US flag fishing vessel as a consequence of a claim of jurisdiction which we do not recognize.

Most nations concerned agree that international management of highly migratory tuna is desirable, but argue that such management arrangements must be based on national jurisdiction over the

species while they are in their zone. The US holds that scientific data supports the need for international management of a species which travels thousands of miles through and beyond the jurisdictional zones of many states.

Despite these differences, after extensive negotiations representatives of the countries involved in June 1978 referred a draft convention to governments for "favorable consideration." The convention did not address the juridical question directly, but accommodated all points of view. However, at a meeting of the South Pacific Forum at Niue in September 1978, Fiji and Papua New Guinea supported by some of the other Pacific states opposed US participation, insisting that membership in the regional organization be confined to states explicitly recognizing national jurisdiction over tuna within 200 miles. Fearing irreparable damage from the ensuing acrimonious debate, Australia and New Zealand proposed that the Forum proceed with the creation of a Forum Fisheries Agency (FFA) limited in membership to Forum nations only. The FFA has no licensing, enforcing, or joint management role. It is limited to developing scientific data on the size and condition of fish stocks in the area and providing information to the member states.

The US Government remains interested in participation in a regional fisheries organization, but has not been pressing the issue in the belief that a low-key approach is more likely to be fruitful in the long-term. The State Department does not foresee any change in US fisheries legislation, but believes this need not be an obstacle to US participation in a conservation and management regime for tuna. It has been explained to leaders and representatives of the Forum nations that US participation in a properly mandated regional organization would make it possible for the US to accept arrangements it cannot accept on a bilateral basis. Thus, membership in such an organization would give the US government the legal authority to require that American vessels purchase licenses and abide by the rules and regulations member countries accept. Also, the embargo provisions of Section 205 of the Fishery Conservation and Management Act would not apply in the case of the seizure of a US flag vessel not operating in accordance with the agreed measures.

A number of factors thus far have caused negative attitudes toward US participation in a regional fisheries organization. It is not wholly clear which are the most important. Certainly our juridical position has been an important obstacle. Sensitivity to our big power role, especially on the part of Fiji and Papua New Guinea, is also important. There is concern not only that we would dominate the

organization, depriving the small states of control over their only real resources, but also that our huge purse seiners would sweep the ocean like vacuum cleaners.

However, a series of meetings between Forum officials in mid-1979 has resulted in new proposals for establishment of separate regional fisheries organizations in what has been described as a two-tier, two-stage approach. The Forum Fisheries Agency would remain a regional organization of Pacific islands coastal states (plus Australia and New Zealand) asserting national jurisdiction over all marine life within their respective 200-mile economic zones and have as a primary objective the adoption of an unified approach to distant water fishing nations. A second and broader fisheries organization, along the lines envisaged in Article 64 of the ICNT of the Law of the Sea Conference, could be responsible for management and conservation matters, and include distant water fishing nations such as the US and Japan. It presently appears that negotiations for establishment of the latter organization might begin in 1980. Although the terms of reference and responsibilities of the two organizations are by no means yet clear, the proposed second organization may offer an organizational framework which will permit resolution of the present conflict relating to differing juridical positions on migratory species.

#### **Conduct of Relations with the South Pacific**

The official US presence in the South Pacific is thinner than in any other major global region. It also is inadequate for protection of US interests in the area, and for implementation of the policy strategies suggested elsewhere in this study.

At present two small embassies — Port Moresby in Papua New Guinea and Suva in Fiji — constitute the US diplomatic presence in the South Pacific. The former covers Papua New Guinea and the Solomon Islands, while the latter is accredited to Fiji, Tonga, Kiribati, and Tuvalu. It also will be accredited to the New Hebrides when those islands become independent, and has reporting and consular responsibilities for French Polynesia and New Caledonia. Additionally, our embassy in Canberra handles relationships with Nauru, while that in Wellington covers Western Samoa, the Cook Islands, and Niue. The International Communications Agency has small offices in our Suva and Port Moresby embassies, while AID has a South Pacific regional office in Suva.

The small staff and lean travel budgets of the embassies operating in the area assure that representation, reporting, and other

substantive coverage of the island states (other than Papua New Guinea and Fiji) often is superficial at best and in some cases nearly non-existent. With the exception of Port Moresby (opened in 1974), the basic pattern of post staffing and jurisdictional responsibilities is little different from twenty years ago when there were no independent states in the region. In particular Suva's workload and responsibilities, as well as regional activity of importance to a higher level of US interests, have increased manyfold — and continue to increase geometrically — but the substantive Department of State staff boils down to an Ambassador and his deputy.

Independent states in the area that do not have resident American Ambassadors at best see an Ambassador several times a year, and occasionally once a year or less. Thin post staffing and travel budgets also assure relatively few visits to these states by lower-ranking staff for reporting and representation purposes. This superficial coverage will become more serious when the New Hebrides become independent in 1980.

Until the recent past the above patterns may have been adequate in what was an extremely tranquil area. However, the movement to independence or quasi-independence of most of the islands in the past few years, new threats to old and new interests, increasing involvement of the island states in the UN, Law of the Sea meetings, and other international fora, and the possibility of great power rivalry spreading to the South Pacific in one form or another, all suggest that some increases and changes in the scope of US representation are essential. In considering changes the following factors are especially relevant.

— Regional rivalries and national pride can and have done considerable damage to island leadership attitudes toward the US — when not taken into adequate account in establishing diplomatic posts and accreditation patterns. As one example, the Fiji Government was long embittered by the US appointment of a resident American Ambassador in Papua New Guinea on independence in 1975. Fiji, though independent since 1970, received a resident Ambassador only in 1978 despite its key regional leadership role.

— These same considerations argue that a decision to open an Embassy in the Solomon Islands or in the New Hebrides, without a parallel action in Western Samoa (or vice versa) could damage our interests in those areas.

— Two political entities in the area, the Cook Islands and Niue, are quasi-independent states in "free association" with New Zealand. They therefore do not qualify for diplomatic links in the formal sense.

However, they are treated as independent states with their own foreign policies within the South Pacific region, and are full members of the South Pacific Forum. They vote as independent entities in that and other regional organizations on issues of major importance to the US, e.g., law of the sea questions, establishment of a South Pacific nuclear free zone, and US membership in a regional fisheries agency. This situation requires regular, if informal and modest, diplomatic contact with the Cooks and Niue.

— Only Papua New Guinea and Fiji have been members of the UN long enough to establish distinct voting patterns. Western Samoa and the Solomons have recently joined the UN. Kiribati, Tuvalu and Tonga may join the UN in time, as may the New Hebrides. The voting patterns of the island states presently in the UN thus far have been reasonably supportive of US positions. For the not too distant future, the emergence of a less conservative and tradition-oriented leadership elite in some states offers a strong possibility for negative changes in voting patterns. This, coupled with the possible emergence of a South Pacific bloc within the UN and other international organizations, suggests a need to cultivate on a more regular basis island governments vis-a-vis international issues of importance to the US.

— Australia's and New Zealand's membership in the South Pacific Forum, their diplomatic presence in nearly all island states, interests largely identical or parallel to those of the US, and their leadership roles in the South Pacific can lead to an assumption that we can depend on Wellington and Canberra to represent effectively most US interests in those areas where we presently have no resident representation. This is a precarious base for the pursuit of US objectives. We cannot assume that US objectives, policy and supportive tactics will always coincide with those of our ANZUS partners — especially with respect to nuclear, decolonization, trade, and law of the sea issues. Perhaps more serious, US policy objectives in the region would in great degree be hostage to the state of bilateral relationships between South Pacific states and our ANZUS partners.

— Beyond the foregoing considerations, it is to the advantage of all western states with basic interests in the area to encourage a diversity or diffusion of western representation and influence in the region as insurance against inevitable occasional strains in bilateral relationships between island states and individual western states. As an example, protection of western and ANZUS interests in Papua New Guinea should not be based solely on the assumption of continuing close Australian/Papua New Guinea relationships and an assumed resultant high level of Australian influence. Similarly, we should

encourage reinforcement of US influence in the Trust Territory by Australia, New Zealand, West Germany and Japan.

— Related to much of the foregoing, many foreign policy decisions in Pacific Islands states tend to be taken by heads of government with little or no significant public service or other normal advisory inputs. The level of personal relationships with and faith in our Ambassadors or other official representatives in the area can importantly — more so than anywhere else — influence basic foreign policy decisions and our interests in the area. This tendency is strongly reinforced by the above-mentioned absence of foreign affairs establishments capable of advising their heads of government on complex policy questions. Decisions affecting important US interests, in the absence of adequate US representations, can be based on false or greatly distorted perceptions of US concerns and positions.

— Finally, the ability of our South Pacific posts to function in their non-resident areas of responsibility is severely hampered by poor and even non-existent telephone services between the island states and territories, by slow mail services, and by infrequent air line services in some instances. The functioning of these missions also is hampered by under-staffed and inexperienced bureaucracies often unresponsive to efforts to conduct business by correspondence.

One solution applicable to the South Pacific would be to reverse the US trend away from two or three officer embassies. Our interests and objectives in the South Pacific are sufficient to warrant such in Apia, Western Samoa, and another in the New Hebrides or the Solomons — in addition to those in Suva and Port Moresby. Apia is justified by Western Samoa's increasing importance as a regional and sub-regional leader, while an embassy in the Solomons or New Hebrides could cover these two states plus New Caledonia and possibly Nauru. It could also have responsibility for relationships with the newly-established South Pacific Forum Fisheries Agency. The workload of such new posts would warrant only several substantive officers.

However, pending establishment of new posts, the staff of existing posts, particularly that in Suva, requires modest expansion if minimum representation, reporting, and other requirements are to be satisfied.

**Conclusions** — However thin the present diplomatic and other US official presence in the South Pacific may be, none of the foregoing should suggest that embassies need be opened in all or most island states and territories. Such cannot be justified by the level of

our interests in the area, and would be wholly impractical. Most island governments are sufficiently pragmatic to understand that we could not do this.

The keynotes to policy implementation in the South Pacific must be *patience, gradualism, consultations*, and modest expansion of our official presence.

Although the current gradual increases in our role and presence in the South Pacific are welcomed by the island states, some ambivalence does exist. Some leaders are not quite sure how to cope with our presence and are uncertain about our motivations. Though our respective interests and objectives need not be in conflict, it will take time and patience to overcome unease, uncertainty, and some suspicion — and thus to gain acceptance of the US as a regional partner. Policy implementation style thus is nearly as important as policy substance. The following guidelines are particularly important.

- Our credibility is to some degree in question. We must not allow the rhetoric of good intentions to outstrip our ability to perform and apply resources to the region. We must avoid generating the frustrations and ill-will that inevitably will accompany inflated and unfilled expectations.

- The South Pacific is not the place, given suspicion of and resistance to sudden change, for policy spectacles. Increases in our presence and in our role should be gradual, and be responsive to articulated island desires. For the most part, we should be responding to regional initiatives, and be perceived as offering partnership rather than leadership.

- Our profile should be low but constant, with particular care being given to avoiding upstaging Australia and New Zealand.

- More so than in any other region, personal relationships with and between political leaders affect governmental attitudes and decisions. Our Ambassadors to island states should be selected with particular attention to their ability to relate to proud but usually extremely informal leaders. Patience, informality, straight-forwardness, a sense of humor, and mastery of soft-sell techniques are essential ambassadorial traits.

- Finally, we must expect occasional rhetorical potshots from island leaders and diplomats. Most will bear little relationship to the reality of our relationships, or to the substance of island state attitudes and policies. Whether flowing from a felt need to demonstrate independence, or from a need to satisfy Third World solidarity, we should exercise restraint in public while setting the record straight in

private. Given islander pride and sensitivities, public recriminations are a sure-fire technique to turn rhetorical differences into friction point substantive issues.

Appendix A

**EMERGING PACIFIC ISLAND COMMUNITY**

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
EAST ASIAN AND PACIFIC AFFAIRS  
OF THE  
COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE  
NINETY-FIFTH CONGRESS  
SECOND SESSION  
ON  
THE EMERGING PACIFIC ISLAND COMMUNITY

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JULY 31, 1978

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Printed for use of the Committee on Foreign Relations

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WASHINGTON: 1978

Prepared Statement of Hon. Richard Holbrooke, Assistant Secretary  
for East Asian and Pacific Affairs, Department of State

The transition from colonial rule to independence must inevitably alter the relationship between the United States and the South Pacific region. It is this changed relationship and the decisions flowing from it that I would like to discuss with you today. John Sullivan will testify on the AID programs to the South Pacific, so I will only touch upon this aspect of United States policy.

In less than two decades, seven independent nations have emerged in the area; your colleague, Senator Glenn, led our delegation to the celebration of the independence of the Solomon Islands only a few weeks ago. Self-government has come to most of the remaining territories, and there will be additional independent states within the next few years. These new states vary greatly in culture and size; they range from Papua New Guinea with almost three million people to tiny Tuvalu with only 8,000 inhabitants.

There is a reservoir of great goodwill towards the United States among the people of the South Pacific and this enhances the prospects for cooperative relations between them and the United States. It will be to our advantage as well as theirs to foster this goodwill. These emerging states will have a role to play in the United Nations and in other international forums as well as in Third World councils. The waters surrounding the islands are promising sources of fish and other marine resources. The peoples of the islands — Micronesians, Melanesians and Polynesians — have already enriched our culture and benefitted from our educational and technical assistance; the time is ripe for a more active interchange.

During the battles of World War II, many of the Pacific islands became very familiar to Americans in the Pacific and at home. I was deeply moved to see relics of that era still carefully preserved in Honiara. Even today, American veterans of Guadalcanal return to the Solomons annually; a number of them were honored guests at the independence ceremonies.

In the years after the war the islands began their development toward self-government and regional cooperation. The process has been strikingly peaceful, carried on in a spirit of cooperation and accommodation between the metropolitan powers and their Pacific territories. It is perhaps for this reason that the process has attracted less attention than it deserves.

With the evolution of these territories proceeding under the auspices of our ANZUS and NATO allies, we focused our own

attention on our immediate responsibilities in Guam, American Samoa, and the Trust Territory of the Pacific Islands. Even in those early days, however, we participated in an important effort to deal with problems and opportunities on a regional basis. We were among the original members of the South Pacific Commission, organized in 1947 and including among its members metropolitan powers, independent states, and Pacific territories.

In the 1950's and 60's self-government became the rule rather than the exception in the islands. Since 1962 their progress toward independence has proceeded apace; Western Samoa, Nauru, Tonga, Fiji, Papua New Guinea, and the Solomons have become independent; the Cooks and Niue have gained a large measure of autonomy; Guam, American Samoa and the Northern Marianas elect their own legislatures and governors; and the Trust Territory is expected to become self-governing within a few years. The British and French are prepared to grant the New Hebrides independence within the next few years; however, French Polynesia and New Caledonia are likely to remain French territories for some time. American Samoa, Guam, and the Northern Marianas have expressed their desire for the closest of ties to the United States.

Important changes have also taken place in South Pacific regional institutions. Once dominated by the metropolitan powers, the South Pacific Commission has become much more representative of the islands themselves. Each of the island members now has an equal voice in its deliberations; the Commission's Secretary General is now normally selected from among the island members. A new organization, the South Pacific Forum, founded in 1972 by the independent states of the region, has become a central force in its orderly development.

The new states of the South Pacific were fortunate in achieving their independence without the turmoil and bloodshed that has marked this process elsewhere. They are fortunate also to be emerging as members of a broader Pacific Community at a time when peace prevails in most of the area and great power competition is muted. There are, to be sure, signs of growing Soviet and Chinese interest in the area. However, at this time the Soviet side seems to be concerned largely with advancing their fishing interests in the region and promoting their diplomatic standing vis-a-vis our own and that of the PRC. Peking is also interested in expanding its diplomatic presence in competition not only with Moscow but also with Taipei. The island states, for their part, by virtue of their background, their democratic institutions, and their economic interests are primarily oriented

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toward the west. They look for help in preserving free institutions and advancing the welfare of their peoples to Australia and New Zealand, to Britain and France, and to the United States.

Our own interest in the region is inescapable. It is part of a Pacific community to which we are tied by geography and history as well as by growing economic interest. A stable, economically healthy South Pacific contributes not only to the peace and well-being of American territories in the region, but also to the broader interests of the United States.

We do not need to develop massive programs for the South Pacific; this would be contrary to the interests of the islands and our own. Nor should we seek a dominant role as initiator, helper, and guide. We do not wish in any way to impinge upon the sovereignty of these free peoples or to usurp the leadership role that belongs to them and to their near neighbors, Australia and New Zealand.

The basic pillars of our policy include:

- understanding and sympathy for the political and economic aspirations of the South Pacific peoples;
- support for South Pacific regional cooperation;
- particularly close and cooperative ties with Australia and New Zealand;
- continued cooperation with France and the UK in support of the progress of the South Pacific peoples.

In implementing these principles, we will take into account the changes that have occurred in the last decade as well as the importance of ensuring that the evolution of the region continues along peaceful and productive lines. Thus over the next few years, we will be giving particular attention to:

- establishing a larger and more effective United States presence in the region;
- participating actively in South Pacific regional organizations;
- adapting existing programs and devising new ones to fit the unique needs of the developing island states;
- improving coordination among American and multilateral programs;
- pursuing the Micronesian status negotiations with the goal of achieving a Free Association Agreement between the United States and Micronesia and termination of the Trusteeship by 1981.

To bring us into closer contact with the independent Pacific island states, we are increasing our diplomatic representation in the region. We use multiple accreditation of Ambassadors to cover this wide region and we are urging the Island states to do the same to insure that they have accredited Ambassadors to the United States. We are taking a fresh look at our representation in the South Pacific to see if we are making the best use of our limited resources. We will also consider whether we should open a diplomatic post elsewhere in the region.

A resident ambassador, John Condon, has been accredited to Fiji. Public Affairs, Administrative, and Regional Development officers have been added to the staff. President Carter has nominated our Ambassador to Papua New Guinea, Mary Olmsted, to serve also as ambassador to the newly independent Solomon Islands. Our ambassador to New Zealand, Armistead Selden is concurrently accredited to the Kingdom of Tonga and to Western Samoa. The International Communication Agency (ICA) will expand its public affairs and cultural affairs programs. In time, we may ask your support in building on this modest beginning with additional posts.

In Washington many parts of the government are more actively in contact with the South Pacific region than ever before in connection with fisheries and other interests. In my own Bureau I have appointed a new Deputy Assistant Secretary, with special responsibilities for the South Pacific, and have established a new office, which will focus solely on the affairs of the South and Southwest Pacific. My new Deputy Evelyn Colbert will bring long experience in East Asian affairs to the task of integrating our South Pacific policy into our broader Pacific-wide interests. The Director of the new Office of Pacific Island Affairs William Bodde has been deeply involved in the Micronesian negotiations for the last year; he will be assisted by a highly-trained Pacific specialist. In the context of the vast Washington bureaucracy, these are hardly earthshaking moves. But as Senator Glenn can testify, they were greeted with enthusiasm by the Pacific island leaders we met during our recent visit to the area.

We will also be promoting more contacts between Pacific Islanders and Americans both to demonstrate our own interest and to learn more about their interests and problems. Ship visits are one way of doing this. The Solomon Islanders were delighted by the presence of two US Navy Frigates, the Holt and the Whipple at their independence celebrations; the Navy is now developing a more extensive program.

Educational exchange is another way of increasing contacts

and enhancing understanding as well as providing necessary training. We are already carrying on a number of educational programs related to the South Pacific and will be expanding and strengthening some of them.

The federally-assisted East West Center in Honolulu has encouraged the study of problems unique to the island region. The presence of the Prime Minister of Fiji, Ratu Sir Kamisese Mara, on the Center's Board of Governors has strengthened its ability to devise such programs. We are assisting the University of the South Pacific in Fiji to expand its extension service which uses a NASA satellite to make it possible for students throughout the Pacific to take university level courses while remaining on their home islands. Through the Fulbright program, we provide American professors for their regional universities.

We will also be assisting others to pursue courses of study in American universities not yet available at the regional universities.

The Peace Corps has made a particularly significant contribution to the region. There are over 540 volunteers in Fiji, Tonga, Western Samoa, Micronesia, the Gilberts and Tuvalu. In many of these islands they are the only Americans present. Their value is substantial.

As we strengthen our bilateral relationship we are also strengthening our regional role. For the first time a US Ambassador resident in the region, our Ambassador to Fiji, John Condon, will be the Senior US representative to the South Pacific Commission, bringing to his role in the Commission the sensitivity to the special needs and desires of the island states that only close acquaintance can provide. A regional AID representative has also been assigned to our embassy in Suva. In addition to traveling throughout the region he will work closely with the South Pacific Commission and the South Pacific Bureau for Economic Cooperation (SPEC) to foster an integrated regional approach to development problems. Our role in the South Pacific Commission cannot fail to benefit from this closer attention: I might mention in passing that the US financial contribution to the SPEC has dropped from 20 percent of its operating budget to 17 percent, because of the increased contributions by the island members.

As example of increased United States involvement in South Pacific regional organizations is our participation in negotiations to establish a South Pacific Regional Fisheries Organization. Meeting in Suva last November and again in May of this year, we joined the island nations as well as France, the UK, their dependent territories, and

Chile in preparing a draft treaty on this subject. The organization will be concerned with the management and conservation of marine resources — currently the most highly charged political and economic issue in the South Pacific. Participation offers the US an opportunity to cooperate with the island states and territories in mutually beneficial development of fishing resources of the area.

In the same vein, we have also made a special contribution of \$300,000 to a new SPC project designed to assess the skipjack tuna resources of the Western Pacific.

We are also working closely with such international organizations as the UNDP and the Asian Development Bank to coordinate and strengthen programs for the region. For example, we are looking into ways in which the ADB might adjust its lending procedures to meet the unique requirements of the island states.

To sum up, we see the orderly development of the South Pacific region as a contribution to the stability of the broader Pacific community. Our joint efforts there are still another way in which we strengthen our historic ties with our ANZUS allies and work together for our mutual interests. The goodwill and friendship of the South Pacific states are important to US policy objectives in the United Nations and elsewhere.

Our historic bounds to the region forged in the dark days of World War II provide us with a large fund of goodwill on which to build. The experience of our own states and territories in the Pacific and the talents and interests of their peoples provide an additional important resource. Great amounts of money or time are not required. We need only be sympathetic to the aspirations of the South Pacific peoples and true to our ideals. It is the intention of the Department of State with the help of the United States Congress to carry out the policy I have outlined to you today. Thank you for giving me the opportunity to share my thoughts with you.

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