

Democracy, the EU and
international donors: economic
assistance and political
developments in the Pacific
Islands

Pacific Centre for Participatory
Democracy, Ruatoria, April 2006

The world in the Pacific: the present situation

- Who is here? And why?
- Political arrangements
 - NZ and Cook Islands, Niue and Tokelau
 - Australia and RAMSI (Solomon Is), ECP (PNG)
 - US in Micronesia
 - EU
 - Looking north to Asia
- Trade-economic arrangements
 - PICTA, PACER, EPAs

Development assistance and democracy: some views

US assistant secretary of state, Mathew P Daley, 2003:

The United States believes strongly that stability and economic development are dependent on democracy, rule of law and good governance...The United States believes that democracy, the rule of law and transparency in the conduct of public business are essential to a stable society. Without such stability, economic progress is not possible

The Asian Development Bank (ADB):

[The] ADB's objective is to promote sound development management. Specifically, its governance work seeks to advance these critical objectives: transparency and predictability, accountability, strategic focus, efficiency and effectiveness, participation (<http://www.adb.org/Governance/default.asp>)

The World Bank:

We define governance as the traditions and institutions by which authority in a country is exercised for the common good. This includes (i) the process by which those in authority are selected, monitored and replaced (ii) the capacity of the government to effectively manage its resources and implement sound policies and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them (

<http://www.worldbank.org/governance/about.html>)

The EU:

The Community and its Member States, of the one part, and the ACP states, of the other part...hereby conclude this Agreement in order to promote and expedite the economic, cultural and social development of the ACP states, with a view to contributing to peace and security and to promoting a stable and democratic political environment (Article 1, Cotonou agreement)

The evolving logic of development:

- Before the 1970s
- The present situation – why?
- End of the Cold War
- Asia's prominence
- Taiwan-China tension

- Emerging geopolitical significance of Asia-Pacific after September 11, Bali bombings, troubles in South East Asia, war on terrorism, ‘arc of instability’ ...
- Evolution of the Pacific Islands Forum
- EU’ s EPAs: more radical transformation of politics and society eg regional integration of the Pacific

The fundamental questions

Given the history of the emergence of democracy in the West, is it theoretically and practically realistic to push for democracy *before* development?

What is the relationship between democracy and development anyway?

- Theoretical relationship between democracy and development (which is based on reality) is tenuous at best – why?
- Absence of method of prediction
- Academic debate: modernisation theory
- Linearity argument

Some scholarly testimonies for the relationship between democracy and development:

“democratization is logically preceded by economic liberalization...”

“democracies are unlikely to be institutionalised if assumptions underlying economic management lack support”

“...studies and evidence prove that democracy is largely a prerequisite for economic development”

So how did this ‘assistance with conditionality’ come about?

- 20 years after 1973 oil crisis
- Progress was slow
- The problem: the state
- Solution: reduce state’s role
- Development of policy-based loans or ‘structural adjustment’ in the 1980s
- Implement free market economics with minimal state interference coupled with deregulation, privatisation and slimmer, efficient bureaucracies
- Market share fell from 6.7% 1976 to 3% 1998; 60% of total exports in 10 products

The Pacific reality

Democratic political developments are uneven. The challenge is two-fold:

1. Democracies are not liberal democracies (the dominant type of democracy)
 - A democratic political set up supported by a liberal base is not present in the Pacific for eg the *matai* system in Samoa

- Cultural traditions are diverse. For eg Melanesia and Micronesia more egalitarian than Polynesia
- Rule of law not guaranteed. For eg Solomon Islands, Fiji and Tonga
- Geographical barriers to coordination and administration. For eg, PNG and Kiribati

2. Democracies deliberately constructed but without an adequate economic base

- Lack socioeconomic base to sustain politics. For eg Tuvalu
- Isolation in the north-south divide in Cook Is
- MIRAB economies rely heavily on aid and remittances
- Limited natural resources
- Aspects of cultural traditions affect development. For eg, land

Concluding remarks

- Changing logic motivated by outside factors
- Democracy-development equation is problematic, practically too
- Solutions developed outside
- Gap between outside expectations and Pacific realities
- A new search for Pacific solutions eg Pacific epistemologies, Pacific thought, indigenous knowledge and ways of doing things
- Combination of best of both worlds, as is already the case, seems to be answer
- Legitimacy and ownership will ensure success

Longo e tu'apo 'o malu hono 'ea
Pea kamo e fetu'u ui hoto kaume'a
Si'i feohi fiefia takaua 'o 'a 'eva
Tuku ia 'i he loto ko e sisi tauleva

The silence of midnight suppresses the
atmosphere

While the inviting stars call to my lover

O what delight while we promenade

As I etch our love in my heart as a garland
for you