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Shahar Hameiri

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State-Building, Risk Management and Primitive Accumulation in Solomon Islands

Shahar Hameiri

ABSTRACT: In recent years, various forms of international/transnational state-building have become increasingly common as a way of managing the perceived risk posed by dysfunctional governance in so-called fragile states to Western security. In Solomon Islands too, the Australian government has led a robust and expansive intervention, designed to build the capacity of Solomon Islands’ government and bureaucracy to provide more effective governance. Dominant approaches to state-building link state failure with a failure of development and typically involve considerable efforts to promote economic development through the establishing of robust institutional structures seen to be supportive of liberal markets. Though economic activity has improved in Solomon Islands following the 2003 intervention, not least due to the arrival of many well-paid expatriates, much of this activity has occurred in the highly unsustainable logging industry. Ironically, then, to the extent that state-building programs have supported the expansion of liberal markets in Solomon Islands, this has empowered interests reliant on primitive accumulation for their power. As a result, the expansion of liberal markets is likely in fact to lead to future social and political instability in Solomon Islands, either as a result of resource-depletion or due to bottom-up forms of social conflict around the destruction of local habitats.

Introduction

In the post-Cold War era, the world’s major governments and multilateral organisations have become increasingly concerned with the potential risks supposedly presented to the security of their own societies by failed or weak governance in developing countries, and thus more willing to intervene to manage this risk through various forms of state-building. State-building is a term commonly used to refer to the broad range of coercive and non-coercive programs and projects designed to build or strengthen the capacity of institutions, organisations and agencies – not all of which are necessarily part of the state apparatus – to effectively perform the functions associated with modern statehood. Indeed, despite the perceived coupling of weak governance with security risks, Western policymakers remain mostly unwilling to govern targeted

1 Shahar Hameiri is a Lecturer of International Politics and a Fellow at the Asia Research Centre, Murdoch University

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populations directly and are therefore seeking to regulate the way that the intervened states are governed (Hameiri, 2010; Chandler 2006). This trend was given further impetus in the new millennium by the September 11, 2001 terrorist attacks in the United States and several other high-profile bombings in Europe and Asia. The Australian government too has from 2003 taken a far more pro-active approach towards the small island-states in Australia’s near region of the Southwest Pacific, driving and participating in several state-building interventions, most notably in Solomon Islands and Timor-Leste.

For today’s state-builders, solving the security challenges potentially posed by failed states in the longer term requires not only a quick fix to stabilise the security situation, but deeper interventions to improve the state’s capacity to provide security and development, which are seen as mutually reinforcing. Economic development is therefore viewed as an important tenet of successful state-building. Yet, rather than stimulate economic growth directly, state-builders have concentrated their energies on promoting the establishment of governance environments seen to be conducive to liberal market-led development. It is thus anticipated that as the security climate improves and other impediments to economic activity are removed, foreign investors, keen to exploit hitherto untapped economic opportunities, will drive recovery. In linking economic growth with the existence of a particular set of liberal market-supporting institutions, state-building has been greatly influenced by the leading international development orthodoxy of the past 15 years or so – the so-called post-Washington consensus (PWC; see Carroll 2010).

In Solomon Islands, the empirical focus of this paper, the dominant state-building doctrine has since July 2003 underpinned an expansive platform of economic and governance reforms, buttressed by a substantial policing and military intervention. At first glance, it appears that the Australian-led Regional Assistance Mission to Solomon Islands (RAMSI) has been remarkably successful in reigniting the Solomon Islands economy, while avoiding backsliding into violent conflict. Annual growth in GDP between 2002 and 2008 had averaged 6.9 per cent per annum (World Bank 2010), and though Solomon Islands’ GDP fell by 2.2 per cent in 2009 due to the global financial crisis, it is predicted to grow again in 2010 by approximately 3.3 per cent (EconomyWatch n.d.). Yet, closer inspection reveals that for the most part growth has been driven by a highly unsustainable boom in logging, as well as in the Honiara-based services industry and real estate sector, due to the arrival of well-paid expatriates.

It seems that to the extent that RAMSI’s state-building programs have supported the expansion of liberal markets in Solomon Islands, this has had the effect of empowering already dominant interests, associated with the logging industry, which rely to a great extent on primitive accumulation for their power. From the early 1980s, when commercial logging was first permitted on customary land, local ‘big-men’ have used formal and informal payments from foreign-owned logging companies as a springboard for their political ambitions and for cementing their power locally. In turn they rewarded their benefactors with export duty exemptions, as well as by turning a
blind eye to the under-reporting of export volumes and the underpricing of logs. The long-standing nexus between logging and politics in Solomon Islands goes a long way towards explaining the support given to many of the economic reforms ushered in by RAMSI’s consultants. As barriers to foreign investment were rapidly removed and with violent conflict under control it was ironically, though not surprisingly, the logging industry that has emerged as the biggest beneficiary. While RAMSI is supposedly in Solomon Islands to ensure the conditions to sustainable long-term growth are put in place, log export volume had reached an all-time high of 1.5 million cubic metres in 2008, about six times the estimated sustainable level (Allen 2011).

There is a sting in the tail, however. The expansion in logging activity partly facilitated by RAMSI is likely in fact to lead to future social and political instability in Solomon Islands, as a result of resource-depletion and/or due to bottom-up forms of social conflict around the destruction of local habitats by loggers. It is expected that at the current rate of extraction commercial logging stocks, the main export earner for the Solomon Islands government, will be completely exhausted by 2015 (AusAID 2006: 117; Wairiu 2007: 245), leaving a yawning gap at the centre of public finances, already at a perennial deficit, which may or may not be closed by new mining ventures. But more than accentuating the Solomon Islands government’s fiscal woes, it seems likely that the depletion of logging stocks would challenge the unlikely coalition we now see between RAMSI-supported technocrats in the bureaucracy and political leaders who rely on money politics, enabled by logging, for their survival (Hameiri 2009). Furthermore, as the history of logging in Solomon Islands is replete with local-level social conflict that generally did not translate into effective political action, due to the superior organisational capacity of logger-backed big-men (Frazer 1997; Bennett 2000), the resource’s depletion could destabilise existing power arrangements even further. Big-men in Solomon Islands have generally established their authority by redistributing resources to their supporters, and from the 1980s much of this has been funded by the formal and informal cash economy of logging on customary land. Against the background of devastated habitats, the full withdrawal of logging corporations from Solomon Islands is likely to lead to even greater resentment among affected communities. The destructive conflict between 1998 and 2003, which was largely caused by the anger of young Guadalcanalese men as ancestral lands were sold by previous generations to settlers from neighbouring island Malaita (Kabutaulaka 2001), is a grim reminder of the potential implications of loss of habitat in a subsistence-dependent society.

The paper proceeds as follows. In the first section I discuss the ideas about security and development animating contemporary state-building, while in the following I look at the ways in which RAMSI’s programs have aimed to ‘build’ the state in Solomon Islands and promote economic growth since 2003. The third and final section examines the political economy of logging in Solomon Islands and RAMSI’s effects upon it.
State-building, risk management and neoliberal institutionalism

To understand why RAMSI was put together in the first place, as well as the particular nature of its programs and their objectives, it is essential to begin by placing RAMSI in the broader context of contemporary international/transnational state-building interventionism. In this section, I provide a very brief summary of the main drivers of state-building interventionism and the main ideas running through it.

As mentioned, state-building refers to the broad range of coercive and non-coercive programs and projects designed to build or strengthen the capacity of institutions, organisations and agencies – not all of which are necessarily part of the state apparatus – to effectively perform the functions associated with modern statehood. It is not the only form of international interventionism to emerge in the post-Cold War era. Particularly in the early years of the 1990s, the world’s major governments and international organisations, and particularly the United Nations (UN), showed a new willingness to intervene in civil wars and situations of humanitarian crisis (Mayall 1996). This new interventionism represented a break from the more limited form of peacekeeping that prevailed during the Cold War, which was strictly concerned with observing ceasefire agreements between two states (Bellamy et al. 2004). The shift to more robust forms of peacekeeping was flagged in a 1992 report by then UN Secretary-General Boutros-Ghali and manifested in large-scale interventions in Cambodia, the former Yugoslavia and Somalia, as well as in a range of smaller operations in Africa and Latin America (see Paris 2004).

The humanitarian interventions of the 1990s were ideologically shaped by the so-called ‘liberal peace thesis’ and characterised by an overly optimistic assumption that peace would be easily secured through rapid democratisation and marketisation (Paris 2004). Enthusiasm for large-scale humanitarian interventions had waned considerably after an infamous battle on the streets of Mogadishu in October 1993, featured in the book and film Black Hawk Down. In the chaos, more than 500 Somalis and 18 elite American troops were killed, while footage of an angry Somali mob dragging the body of an American through the streets made the news the world over. As a result, the Clinton administration became very reluctant to commit US forces to UN peacebuilding missions, and many European governments were just as unwilling, as was demonstrated by the West’s hesitant response to the Rwanda genocide in 1994 (Bellamy et al. 2004).

Unlike the humanitarian interventions of the 1990s, state-building is not motivated by a liberal humanitarian impulse as such, though it may be part of its rationalisation in specific cases. Rather, it is a form of risk management designed to mitigate the potential for ‘non-traditional’ security problems, such as terrorism, crime, human trafficking, drug trafficking and even environmental degradation, to emerge within the borders of so-called failed states and eventually migrate to other parts of the world. It is premised on the idea that in an increasingly interconnected world ‘the notion of “local conflict” has been drained of much of its meaning; and seeing that much of what was once local is now unavoidably global, and often dangerously so, distant
islands of anarchy are now ignored only at the risk of great peril' (Bain 2003: 5). Because it supposedly links the security of the intervening states with the well-being of the intervened populations, state-building is often viewed as a form of 'enlightened self-interest', rather than altruism as such (see Duffield 2007). For some this is a good thing because it means that the world’s most powerful governments and multilateral organisations are more likely to take interest in and help the world’s most destitute people (Wesley 2005), while others have argued state-building is essentially 'empire in denial', denying targeted populations political agency and sovereignty (Chandler 2006).

The rationale for using intervention as a form of risk management did not emerge overnight. Clinton’s 1998 National Security Strategy already emphasised non-traditional security risks, exacerbated by globalisation, as the main source of insecurity to the US (White House 1998). In 1999, then British Prime Minister Tony Blair (1999) sought to justify NATO’s bombing campaign in Serbia by saying that that because of increasing global interconnectivity, ‘[w]e cannot turn our backs on conflicts and the violation of human rights within other countries if we want still to be secure.’ The Kosovo war, in which not one NATO troop was killed while Belgrade laid in ruins, along with other Western military campaigns which largely depended on air-strikes, prompted Martin Shaw (2005) to argue that ‘risk transfer’ is the West’s new way of war. However, it was only after the September 11 2001 terrorist attacks in the US that risks became the main focus of Western security strategy and state-building the main risk management tool.

In the wake of September 11, several security strategy documents published by the US government (White House 2002), the European Union (EU 2003) and the UN (High-Level Panel on Threats, Challenges and Change 2004), all emphasised that the main challenge to global security emanated not from powerful states and their militaries, but from failed states. This represented a shift (though of course not a complete transition) from a threat-focused security agenda to one in which risks and risk management are paramount. Threats refer to sources of insecurity that are known, such as enemy states, where the issue for security analysts is assessing their capability and intention to harm. Risks on the other hand are by definition at least partly unknown, and hence dealing with them requires assessing the probability of their eventuation and the potential consequences (Heng 2006: 72). Failed states are thus seen as dangerous not in a direct sense, but due to the perception that weak governance there increases the probability for other security problems to emerge and proliferate within their borders, and then eventually spill-over to other parts of the world. State-building is from this perspective a kind of ‘situational’ risk management, familiar in the world of policing, designed to reshape environments so as to make them less hospitable to the origination of security problems and better able to deal with them when they emerge (Clapton 2009).

The way in which state capacity is typically evaluated by policymakers and practitioners, and the objectives of the state-building programs developed to manage this risk, have been strongly influenced by what could be described as neoliberal
institutionalism (Hameiri 2007a). Neoliberal institutionalism refers to those approaches that combine the normative preference of neoliberalism for extending market relations into all social, economic and political domains, with an emphasis on creating and building the capacity of institutions – mostly, but not exclusively, of the state – to provide the conditions for the effective functioning of markets. This approach has its roots in neoclassical economics but is more closely linked to new institutionalist economics (North 1995; for an overview see Carroll 2010). Neoliberal institutionalism differs from earlier forms of neoliberalism in that it contains a recognition that efficient markets do not emerge by themselves but require the state to underwrite and protect them from predatory and vested interests. From this perspective, the way out of state failure, which is defined from the outset in terms of the strength of neoliberal governance, is seen to require the development of environments supportive of liberal market-led development. Therefore, ‘poor’ governance – the absence or poor functioning of the institutions supporting market-led development – is seen in a kind of circular logic to be both the problem failed states face and its cause. Framing state failure in these terms represents an extension of the dominant international development assistance paradigm into the security domain. The linking of security objectives with international development assistance is of course nothing new, as the very emergence of the aid industry during the Cold War was linked to the security objectives of the US and its allies. But unlike the highly politicised aid of the Cold War, current neoliberal orthodoxies are presented as scientifically superior (Berger and Weber 2006: 202).

An example for what state-building means in practice for neoliberal institutionalists is provided by World Bank’s (2003) Country Policy and Institutional Assessment (CPIA) framework. The CPIA, a questionnaire designed to help Bank staff assess the quality of countries’ institutions, is divided into four main categories – economic management, structural policies, policies for social inclusion/equity and public sector management and institutions. Each of these contains five subcategories in which countries are rated from one to six, with one indicating an ‘unsatisfactory for an extended period’ performance. Consistently poor performance marks states as fragile. The emphasis in the CPIA is not on achieving certain development outcomes, but rather on the existence and functioning of institutions, mostly those related to market-led development, including the ‘rule of law’, transparency, accountability, and investor-friendly business regulations. The implicit assumption therein is that having the ‘right’ set of market-supporting institutions would lead to desired development outcomes (Rosser 2006).

Thus far, I have argued that contemporary state-building is a form of risk management, in which both the problem and its solution are strongly influenced by neoliberal institutionalist ideas of functioning statehood. In the next section I provide a brief description of RAMSI’s inception and objectives to demonstrate the centrality of these ideas in this particular state-building intervention.
RAMSI's plan for Solomon Islands

Having discussed state-building interventionism in broader terms, it is easier now to make sense of RAMSI's emergence and the particular manner in which its planners and implementers have sought to engage Solomon Islands’ problems.

RAMSI officially began on 24 July 2003 with the arrival of the first contingent of Australian troops in Solomon Islands’ capital city Honiara. It was put together at the request of then Solomon Islands Prime Minister Allan Kemakeza, who flew to Canberra in April 2003 to directly appeal to John Howard, the Australian Prime Minister at the time, for Australia to intervene. The Howard government obliged, but decided to lead a regional intervention under the auspices of the Pacific Islands Forum’s (PIF) 2000 Biketawa Declaration. Though all 16 PIF member-states are currently represented in RAMSI, Australia and to a lesser extent New Zealand have been overwhelmingly dominant, contributing the funding and almost all personnel.

The decision to intervene in mid 2003 came after several unsuccessful similar appeals from Kemakeza’s predecessors, Bartholomew Ulufa’alu and Manasseh Sogavare in 2000 and 2001 respectively. Ulufa’alu’s request came shortly before an armed coup ousted his democratically elected government on 5 June 2000. From 1998 Solomon Islands had been struggling with a violent confrontation between two warring militias, the Isatabu Freedom Movement (IFM) – claiming to represent the indigenous people of Guadalcanal – and the Malaita Eagle Force (MEF) – claiming to represent Malaitan settlers on the island. An IFM terror campaign had driven out approximately 30,000 Malaitans, which immigrated to Guadalcanal in large numbers after the Second World War, from rural Guadalcanal to Malaita or Honiara. The MEF, which was established in response, targeted the Guale in Honiara with the capital essentially becoming a Malaitan stronghold. Because Malaitans were heavily represented in the Royal Solomon Islands Police force (RSIP), MEF militants were able to quickly capture high-powered weapons from the RSIP armoury. The MEF ultimately used these weapons to remove Ulufa’alu and replace him with Sogavare, who was seen as more attuned to their demands.

As mentioned, Ulufa’alu’s pleas for Australian assistance before the coup went unheard and Sogavare’s requests were also denied. These decisions were consistent with the dominant bipartisan stance of Australian governments from decolonisation not to intervene in the domestic affairs of neighbouring states. Nevertheless, in October 2000 the Australian and New Zealand governments brokered a deal between the militias – the Townsville Peace Agreement (TPA). The TPA brought an end to open hostilities, but the result had been a period of low-level lawlessness, in which former militants and some politicians enriched themselves by making bogus demands for compensation on the state. Kemakeza went to the Australian government in 2003 because he was running out of options, after the last tranche of Taiwanese aid was exhausted and the government faced complete bankruptcy, while demands for compensation continued unabated (see Moore 2004; Fraenkel 2004).

As we can see from the above, when the Australian decision to intervene finally came in 2003 the situation in Solomon Islands was not in any significant way worse
than it was in 2000 or 2001 when the Australian government decided not to intervene. In fact, it was arguably better in 2003 after the cessation of open hostilities as a result of the TPA. Though the government was facing ruin, most Solomon Islanders do not rely on government services anyway, with approximately 85 per cent of the population surviving on subsistence agriculture and fishing. What had changed in 2003 was the Australian government’s reading of the situation in Solomon Islands and its potential implications for Australia (Hameiri 2008; Dinnen 2004).

By the time Kemakeza arrived in Canberra, al-Qaeda terrorists destroyed the World Trade Center and damaged the Pentagon building in the US, and in October 2002 two nightclubs were bombed in Indonesia’s popular island-resort Bali, claiming 202 lives, including 88 Australians. A NATO campaign in Afghanistan began in December 2001 with the stated claim of wiping out al-Qaeda bases to prevent future terrorist attacks, while in March 2003 a US-led ‘coalition of the willing’ invaded Iraq. The Iraq war was also rationalised at the outset in terms of pre-empting future security problems, this time supposedly stemming from Iraq’s weapons of mass destruction programs. Summarising the new security commonsense, the September 2002 National Security Strategy of the US stated in no uncertain terms that ‘America is now threatened less by conquering states than we are by failing ones’ (White House 2002: 1). The Australian government was clearly influenced by the new mood in Washington and elsewhere, as it decided to send troops to both the Afghanistan and Iraq campaigns.

The clincher for the Solomon Islands intervention came with the publication of an influential report by the Australian Strategic Policy Institute (ASPI 2003), officially launched by then Australian Foreign Minister Alexander Downer in June 2003, only weeks before the eventual intervention. The report’s main author, ASPI’s Elsina Wainwright, who had never been to Solomon Islands but was familiar with the failed states’ literature, made a case for intervening in Solomon Islands by arguing that if left to its own devices, Solomon Islands could become a ‘Petri-dish’ for a range of non-traditional security problems, such as crime and human trafficking. Wainwright was also quick to point out that the underlying source of the conflict and ongoing problems afflicting Solomon Islands was the inadequate state-building efforts of the British colonial power. Unready for independence in 1978, Solomon Islands had a weak modern state that could not resist the predatory pressures of much stronger and better embedded societal forces. The state’s inability to deliver good governance and services in over twenty years of independent rule delegitimised it even further. Intervention, she said, could give the modern state a second chance by strengthening governance and institutions (ASPI 2003). For Wainwright, intervention was clearly a case of ‘enlightened self-interest’ – a ‘win-win’ situation for both Australians and Solomon Islanders, in that the latter will get a state that governs better, while the former will enjoy a more benign regional security environment.

The logic of Wainwright’s argument, though not the precise intervention template she proposed, was adopted by leading Australian policymakers. For example,
when justifying the intervention to the Australian Parliament, Prime Minister Howard (2003) argued it was incumbent upon Australia to:

arrest this downward spiral, which, if not addressed, could result in the total collapse of the Solomon Islands’ governance and sovereignty... A failed state would not only devastate the lives of the peoples of the Solomons but could also pose a significant security risk for the whole region.

Foreign Minister, Alexander Downer was more specific in identifying the potential risks posed to Australian security by the failure of Solomon Islands’ governing apparatus:

We will not sit back and watch while a country slips inexorably into decay and disorder. I say this not just for altruistic reasons. Already the region is troubled by business scams, illegal exploitation of natural resources, crimes such as gun running, and the selling of passports and bank licences to dubious foreign interests (Downer 2003).

The notion that the problem facing failed states was rooted in the absence or poor functioning of governance institutions of a particular kind, which was discussed in the previous section, also underpinned the Australian government’s insistence that the intervention in Solomon Islands was a comprehensive one. Kemakeza was only interested in an intervention to disarm the leeching ex-militants, but the Australian government made its decision conditional upon the Solomon Islands government accepting intervention in a broad range of public policy and administrative areas. Kemakeza, who was desperate, had no choice but to accept these conditions (Hameiri 2007b). The Australian government also insisted that the Solomon Islands Parliament legislate legal immunity for RAMSI personnel from prosecution under domestic laws. The Facilitation of International Assistance Act (FIA), which was unanimously passed on 17 July 2003 created the legal space for RAMSI to operate and has to be ratified each year on 23 July.

RAMSI’s structure reflects the view that a solution to state weakness has to combine security interventions where required with a longer-term effort to stimulate economic activity through liberal market-led development and ‘good governance’. It comprises three pillars – law and justice and security; machinery of government; and economic governance. Work in the machinery of government pillar has focused to a great extent on strengthening Solomon Islands’ accountability institutions – the Office of the Auditor-General, the Ombudsman and the Leadership Code Commission. Improving government accountability is seen as a key issue for economic development in Solomon Islands, as corruption is typically viewed as one of the main issues hindering growth in the Pacific (see AusAID 2006). For example, with the assistance of RAMSI consultants, new legislation giving Solomon Islands’ accountability institutions more power to investigate have been drafted.

In the economic governance pillar, work has focused on creating supportive conditions for market-led development, as well as on improving public financial management processes. The key objectives for economic reform have included: the
development and implementation of a program of revenue policy reforms; the passage through parliament of new legislation making it easier to start a business; a reduction in cost and processing time for those seeking to register a business; and a rise in the number of new companies registered in Solomon Islands. The economic governance pillar has also included projects aiming to improve infrastructure and services, not so much by building new productive capacities, but by improving the governance of state-owned service-provider companies and by fostering a more competitive telecommunications sector, regulated by an independent committee. The Economic Reform Unit (ERU) in the Ministry of Finance and Treasury, which is dominated by RAMSI consultants and seconded economists from the Australian Treasury Department, has already been successful at pushing for import tariffs to be reduced to 10 per cent across the board, as well as in supporting the drafting of the Foreign Investment Act, which was passed in Parliament in 2006.

Indeed, RAMSI's plan for promoting economic development in Solomon Islands has from the outset focused on improving the capacity of the Solomon Islands government and public administration to support market-led development, while also supporting the emergence of an investment-friendly legal environment, in line with the received wisdom prescriptions of neoliberal institutionalism that have dominated the international development industry for the past 15 years. The structure of RAMSI's A$200 million per year budget speaks for itself: approximately 75 to 80 per cent of the budget is classified as technical assistance and is used to pay the salaries and other costs associated with the hundreds of police officers, consultants and seconded public servants working in Solomon Islands (Baser 2007). Only a small portion of RAMSI's funding is used for other purposes, mainly for paving roads in remote parts of Solomon Islands.

In this section, I have examined RAMSI's emergence and prescriptions for Solomon Islands. In the next, I look at the political economy of logging in Solomon Islands to demonstrate that by promoting liberal market-led development RAMSI has in fact helped facilitate a boom in logging and log exports, thus strengthening interests that rely on primitive accumulation for their power.

**Logging and primitive accumulation in Solomon Islands**

Large-scale commercial logging is a relatively recent phenomenon in Solomon Islands, dating back to 1963. Since independence, however, when large-scale logging was first permitted on customary land, the industry's scope in terms of geographical reach and volume, and its economic, social and political significance have grown massively. Logging is now the government's main foreign currency earner, estimated at the end of 2010 at about 60 per cent of total merchandise exports, 16 per cent of government revenue and 16 per cent of GDP (World Bank 2010). But beyond the mere fact of economic dependence, the political economy of logging penetrates deep down to the village level in many communities around Solomon Islands, underpinning the power and authority of 'big-men' and politicians. No other economic activity connects the
remote archipelago of Solomon Islands more closely with the global economy than logging (Kabutaulaka 2006). But the political economy of logging also pervades national politics. Formal and informal funds generated by log exports have for decades provided the glue that binds Solomon Islands’ notoriously fluid political coalitions (see Steeves 1996). Nevertheless, logging has also been a major source of social conflict in Solomon Islands, as economic benefits from logging have not been equitably shared, while the destruction of forest habitats has made subsistence production difficult or even impossible in some cases. To a considerable extent, logging in Solomon Islands constitutes a form of primitive accumulation, as it has transformed the relationship of rural communities to their forest environments, generating economic surplus through the destruction of sources of subsistence livelihood.

RAMSI did not bring logging to Solomon Islands of course, but the efforts of many of RAMSI’s programs to promote liberal market-led economic growth have helped facilitate a highly unsustainable boom in logging. RAMSI is often credited with resuscitating Solomon Islands’ economy while maintaining a relatively stable security situation (see OECD 2006) and indeed economic growth figures have generally been very strong in Solomon Islands since 2003 – albeit coming from a low base following the devastation of ‘the tensions’. But this expansion has ironically been largely underpinned by primitive accumulation. In fact, the RAMSI logging boom is likely to lead to the intensification of social conflict in the not-too-distant future, as more village habitats are destroyed without viable income-generating alternatives emerging, neither in rural communities nor in the towns, and as commercial logging stocks are expected to be exhausted by 2015, thus challenging existing national and local political coalitions. Below I provide a brief description of the political economy of logging in Solomon Islands and RAMSI’s effects upon its development.

Until independence in 1978, logging in Solomon Islands was conducted almost entirely on alienated government land, a situation which many Solomon Islanders had resented because they were prohibited from, as they saw it, profit from their own land (Bennett 2002; Scales 2003). The largest logging company during the colonial era was British multinational Lever Brothers’ offshoot Levers Pacific Timber, which accounted for about 75 per cent of total production from 1963 until 1982 (Kabutaulaka 2006: 243). When Solomon Islands gained independence, its formal economy had a very narrow base and many political leaders looked to logging as a way of driving national economic development. As about 87 per cent of all land in Solomon Islands is under customary ownership, the governments of Peter Kenilorea and Solomon Mamaloni permitted logging on customary land to be negotiated directly between landowners and foreign logging companies with the state acting as regulator. By 1985, logging on customary land accounted for about 95 per cent of all logging activities (Bennett 2000: 235).

The decision to expand logging into customary land was also accompanied by the arrival in Solomon Islands of new players in the logging industry. Replacing the hitherto dominant British and Australian companies were East and Southeast Asian companies, mainly from Korea, Malaysia and Indonesia. As a result, between 1981 and 1983, the
number of logging companies operating in Solomon Islands leapt fourfold, while timber production rose sharply, remaining above estimated sustainable harvest levels ever since (Allen 2011). Logging’s share in Solomon Islands overall economic output has also climbed sharply. In 1977-78 timber products accounted for approximately 25 per cent of total exports. Between 1990 and 1998 – the first logging boom – its share had risen to 45 per cent and as mentioned it is now estimated at 60 per cent of total exports.

The significance of logging is not only evident in these figures. Solomon Islands’ highly geographically dispersed society and low levels of economic development during colonisation, with very poor telecommunication and transportation infrastructures, have meant that politics retained a highly localised flavour. Elected members of parliament (MPs) in the ‘first past the post’ voting system Solomon Islands inherited from Britain have had to satisfy domestic support-bases by redistributing resources. This practice resembles customary Melanesian ‘big-man’ politics, but the availability of money from logging has somewhat altered the route to becoming a ‘big-man’. While in the past, the role depended on the capacity of individuals to mobilise the community around subsistence farming activities and war-making, and more recently on their ability to attract state funding, since the arrival of large-scale logging ‘big-men’ have often relied upon logging rents. As the Asian corporate newcomers were not averse to using corrupt practices when dealing with landowners, while ‘big-man’ aspirants needed a source of income to redistribute among supporters, a mutually beneficial relationship was created (Kabutaulaka 2006, 2000). As Kabutaulaka (2000: 89) argues:

Sustainable logging in Solomon Islands has been difficult, not only because of poor state policies, but also because (i) the land tenure system, and (ii) the logging industry, produce a culture characterised by the rapid monetisation of certain sectors of society, increasing corruption at the political level, and the emergence of a new élite group in the villages. This new élite group is nearly always financed by logging money and backed by logging companies.

Cementing the link between social and political power and logging was the emergence of ‘local’ logging companies owned by landowners, mainly as a result of a tax exemption introduced in the early 1990s. Landowner companies in most cases contract foreign logging companies to carry out timber felling, transport and marketing (Allen 2011). By 2005 there were 89 local companies working with an estimated 24 foreign companies (Kabutaulaka 2006: 252). Local companies are generally understood to be a front for foreign loggers as contractual agreements are usually ‘60/40 plus costs’, thus allowing the latter to not only pocket the bigger share of the pie but also a significant proportion of the foregone tax revenue, due to the tax exemptions enjoyed by landowner companies (Allen 2011; Bennett 2000). Since the early 1980s, many politicians have been directly involved in landowner companies, including prime ministers and senior government ministers. At one point in the 1990s, 11 of 15 government ministers, including Prime Minister Mamaloni, were directly linked to the logging industry (Bennett 2000: 340-41). But logging money also affected many MPs
that were not personally involved in logging, as better-resourced, logger-backed politicians were able to bribe political rivals into switching sides. For example, in late 1994 Mamalonji, who Bennett (2000: 340-41) described as the ‘darling of the loggers’, allegedly managed to lure members of the reformist National Coalition Partnership government, led by Francis Billy Hilly, using lucrative bribes and inducements, thus bringing the government down (Dauvergne 1998/99: 534).

The collusion between local ‘big-men’ and politicians on the one hand, and logging companies, on the other, underpinned a very lax regulatory environment in the forestry sector in the 1980s and 1990s, as the relevant regulatory agencies were almost always starved of funding and personnel, apart from a short period in the mid 1990s in which Australian aid funded the Timber Control Unit directly (Allen 2011). Foreign logging companies were able to increase their profits mainly by pocketing the aforementioned tax exemptions to landowner companies and through under-reporting of log volumes and transfer pricing, practices that continue to exist today (Allen 2011). Economic surplus foregone from 1990 to 1997 due to transfer pricing and under-reporting was estimated at US$481 million, compared with about US$131 million lost because of under-taxation. By way of comparison, in the same period the government’s cumulative recurrent budget deficit was approximately US$295 million (Kabutaulaka 2006: 249).

Throughout the period leading up to the 1998 crisis, logging had been simultaneously a source of social conflict and power at the local level, as it continues to be today. Land in Solomon Islands is in most cases owned by a tribe or a clan, but a legal distinction exists between the landowning group and the persons entitled to grant timber rights (Corrin 1992: 131). Loggers generally prefer to deal with individuals and in many cases particular landowners, generally those with better educational backgrounds and access to networks beyond the village, exploited this legal distinction (Wairiu and Nanau 2005: 9). They were able to dominate the negotiations with loggers and set aside a greater proportion of the wealth to themselves (Kabutaulaka 2000: 93). Community forestry activist Morgan Wairiu (2007: 244) therefore argues that when logging royalty money ‘reaches landowners, it is often unfairly distributed to only a few, who squander it mostly on consumables. Thus the majority receive little or no benefit while suffering disastrous environmental and social impacts.’

There are documented cases of communities resisting logging on their land. For example, in 1995 the executive of Solomon Islands’ Central Province granted logging rights on Pavuvu Island to Malaysian logging company, Marving Brothers. The land was alienated in 1905 by the British Protectorate Government and leased to Levers Pacific Plantations, another subsidiary of Lever Brothers and the original owners of the land, the Lavukal people, had for many years demanded it was returned to them. With the aid of NGOs the Lavukal people resisted logging on Pavuvu, sabotaging machines and threatening workers. The government in turn sent in police officers to protect logging on ‘government land’ (Kabutaulaka 2000: 93). In another example, the issue of who has the right to negotiate logging agreements on Kolombangara Island in the Western Province,
became a protracted dispute between two elite groups within landowning communities, the Kolombangara Council of Chiefs (KCC) – the ‘grassroots traditionalists’ – and the Kolombangara Land Trust Foundation – a Honiara-based group of Kolombangara descendants. At one point in 1992, the KCC’s Jackson Piasi issued a media statement that: ‘This competition for ownership rights has led the landowning chiefs from the Western Province to warn people to be careful of their own sons and daughters who might play dirty to get the resources for themselves’ (Scales 2003: 214-16).

In the Birao Ward of East Guadalcanal, resistance to logging turned violent. In Birao, a few individuals formed a company named Tarariua Forest Resources (TFR) in 2002 with the purpose of pursuing Timber Rights. TFR applied to the Commissioner of Forests for a permit, without consulting other members of their respective communities. Many community members, organised in the Marau Leaders Council (MLC), resisted the proposed development, even taking the case to the High Court of Solomon Islands in 2004 when it won provisional approval. Between 2003 and 2004 there were numerous physical altercations between supporters of the TFR and MLC, in which the RSIP and government authorities did not intervene. A permit to log was nonetheless issued in November 2004 by the Guadalcanal Province, which was desperate for revenue. When the logging company – foreign ‘subcontractor’ Earth Movers Limited – attempted to enter the area marked for logging its workers were assaulted by community members, as was one of TFR’s negotiators. Subsequently, logging began in September 2005 on an alternative site, but Earth Movers was forced to halt its operations in November 2005 due to widespread damage to equipment and incessant compensation demands by villagers (Wairiu and Nanau 2005).

For the most part, however, powerful individuals backed by logging money were able to buy off or intimidate opponents of development. On Kolombangara, for example, the replacement of local MP Jackson Piasi by Gordon Darcy Lilo in 2000 has paved the way for large-scale foreign direct investment-funded logging on the island. Darcy Lilo has managed to abolished clan estates, which he saw as a hindrance to development, setting up an island entity, staffed by the new professional class of Kolombangara’s educated elites, which is generally supportive of expanding logging operations (Scales 2003: 220).

The period of conflict and instability between 1998 and 2003, commonly referred to in Solomon Islands as ‘the tensions’, was to some extent triggered, though not caused, by the Asian crisis of 1997. With government debt ballooning, the Solomon Islands government of Ulufa’alu was pressured into implementing a public sector reform program, supported by the Asian Development Bank. These reforms also had the effect of alienating powerful interests in the public sector, where the majority of workers in the formal economy are employed (Hameiri 2007b). At the same time, the collapse of Asian timber markets had serious consequences for the forest industry in Solomon Islands. Log production levels dropped to 637,000 cubic metres in 1997 from 811,000 cubic metres in 1996. In 1999 export volumes recovered to 624,000 cubic metres, largely because many high log production areas were located in the Western and Isabel
provinces which were not initially affected by the unrest on Guadalcanal. By 2000 the security situation had deteriorated to the extent that it began to affect log production beyond Guadalcanal. Harvest that year was estimated by the Commissioner of Forests, Peter Sheehan, at 550,000 cubic metres, well below the previous year’s yield, but still above the sustainable rate of 250,000 cubic metres per annum (Kabutaulaka 2006: 245-46). Despite the drop in log exports, during ‘the tensions’ the Solomon Islands government became even more dependent on revenue from logging, as well as on Taiwanese loans, because other major export-oriented industries, like the Solomon Islands Plantation Limited and Gold Ridge goldmine, ceased operations completely and many international donors withdrew or scaled back their programs.

The arrival of RAMSI in 2003 has caused a second boom in logging. In 2008 log export volumes reached a historic high of 1.5 million cubic metres, nearly twice the previous peak of about 800,000 in 1996. Though there is a relative dearth of social scientific research on the second logging boom, compared with the first one, the studies that exist point to a remarkable similarity between the RAMSI boom and 1990s’ one. In particular, decisions regarding the forestry industry are still dominated by politicians affiliated with the industry, while Forestry Department officials and landowners continue to be swayed by the ‘venal suasions’ of logging companies, which still capture much of the economic rent from logging (Allen 2011). The reason for this continuity, despite RAMSI’s expensive and expansive efforts, is that the underlying political economic conditions in place before RAMSI’s arrival have not changed. In fact, by helping stabilise the security situation and by promoting investment-friendly legislation, RAMSI’s programs have promoted the logging boom of the 2000s.

As eminent commentator Tarcisius Tara Kabutaulaka argues (2000, 2006), the expansion of logging in Solomon Islands since independence is not simply related to the ability of Asian logger to dupe Solomon Islanders. It is a factor of both the ‘big-man’ culture, whereby authority is reliant upon the ability to redistribute wealth, and the lack of any other meaningful sources of income for the majority of rural Solomon Islanders. For poor customary landowners, the resource rents from logging ‘constitute amounts of money that they would otherwise never have access to, or would never be able to make producing copra or cocoa, etc’ (Kabutaulaka 2006: 251). This is also the reason, according to Kabutaulaka, for the failure of conservation campaigns by NGOs aimed at reducing or stopping logging – they do not offer alternative sources of income generation:

It is easy to sit in an air-conditioned office, enjoy all the trappings of the global market economy, and tell people who struggle daily to find money to pay for basic needs that they should not sell their forests (Kabutaulaka 2006: 251).

Indeed, to use one example, though resentment over the alienation of Guadalcanalese land by the government and its sale to Malaitan migrants was a major contributing factor to ‘the tensions’ (see Kabutaulaka 2001), Guale people continue to allow foreign logging companies to exploit their forests. They either have no other sources of income
or can make money much faster from logging than from producing other commodities (Wairiu 2007: 237). Hence, while logging is a form of primitive accumulation, in the absence of alternatives for income generation in a context in which participation in the cash economy is increasingly required to pay for basic items such as clothes, kerosene, salt, sugar, soap and school fees, many Solomon Islanders still opt to approve development on their land.

RAMSI, like most other contemporary state-building exercises, is an attempt to secure particular governance outcomes in Solomon Islands without assuming responsibility for governing the state and its population. Therefore, RAMSI’s officials have always been careful to claim the intervention is in reality collaboration between the Solomon Islands government and regional partners, driven by the former. Because RAMSI operates within a legal space enabled through the FIA Act of 2003 and the Partnership Framework Agreement signed in 2009, the Solomon Islands government could theoretically ask its personnel to leave at any point. This means that despite the considerable control that RAMSI bureaucrats and consultants exercise over particular parts of Solomon Islands’ public administration, the façade of cooperation with the government in Honiara has to be maintained. The protracted conflict between then Prime Minister Manasseh Sogavare and RAMSI in 2006 and 2007 exposed the difficulties associated with operating without government approval, as the intervention became subject to criticism from other heads of government in the PIF (see PIF 2007).

The inherent problem, therefore, is that though RAMSI’s programs supposedly aim to eliminate corruption and aid the establishment of efficient liberal markets in Solomon Islands to drive recovery, the strong links between logging and social and political power at all levels of Solomon Islands’ society persist. Various forms of ‘money politics’ remain essential to political coalition-making – i.e. to forming governments – with much of the money as always coming from the logging industry. RAMSI’s programs have had the effect of pushing much of this ‘horse-trading’ activity outside the state and the state’s coffers are no longer directly plundered by politicians seeking to extend their sphere of patronage. But since alternatives are absent, money politics has become more secretive and therefore the politicians benefiting from such activities are potentially less bound by the kinds of customary social pressures associated with attaining ‘big-man’ status (Hameiri 2009). In any case, RAMSI officials have had to cooperate with governments formed in this manner and as a result have shown little interest in tackling problems and irregularities associated with logging, even when approached directly by concerned community members (see Wairiu and Nanau 2005: 10-11), and have had relatively little success in driving reform of the industry. In particular, they have been unable to do away with the practices of export duty exemptions and transfer pricing. Between 2003 and 2004, for example, duty exemptions actually increased by 20% per cent, while in the bumper-year of 2008 duty exemptions and transfer pricing caused an estimated loss of S$30 million in government revenue, or about 5% per cent of GDP (World Bank 2010).
In another example, though a special report published in 2005 by the RAMSI-supported Office of the Auditor-General – its first in 20 years – criticised the prevailing practice whereby the so-called ‘determined value of logs’ (DVL) is decided by the minister of finance and/or the ministry of forestry, in contravention of the Customs and Excise Act, the DVL was not updated between 2003 and 2006. Between mid 2006 and October 2007 a lower interim DVL was put in place and only in 2008 it was increased from US$71 per cubic metre to US$78 in May and then to US$85 in June 2008. Pressure from the logging industry saw the DVL dropped again to US$76.32 by mid 2009. The logging industry is still unhappy with the new prices, threatening to stockpile logs and lay off thousands of workers, like it did in 1994. In the political economic context described above, such threats carry a lot of weight in Solomon Islands (Allen 2011).

On the other hand, new legislation to streamline foreign investment in Solomon Islands, which was designed and promoted by the ERU, was enthusiastically endorsed by the government. It is perhaps no coincidence that the Finance Minister at the time of the legislation was the same Gordon Darcy Lilo, mentioned above in relation to the expansion of logging in the Western Province. The new legislation was heralded by RAMSI advisors as a great success with foreign investment in the country going up from SI$315 million in July 2006 to SI$2.3 billion in July 2007. Yet, data obtained by the author from the Office of the Registrar of Foreign Investment in the Ministry of Trade shows that of the 38 new investments registered for the period between June 2006 and August 2007, the majority were in services industries in Honiara that presumably are intended to cater mainly for well-paid international staff. Yet, the seven new investments made in the forestry sector in that period, which were among a handful that actually increased productive output, had a value of approximately SI$87.2 million out of SI$318 millions for all new investments, or 27 per cent. The list of foreign investment re-registration – investments made by companies already operating in Solomon Islands – is even more heavily skewed towards the forestry industry with about 82 per cent of the total either in logging or plantation-logging ventures. It is thus clear that to the extent that RAMSI’s presence has helped drive economic growth, much of this is related to the highly unsustainable logging industry.

Put differentially, by essentially helping separate the direct subsistence producer from his/her means of production – land – through the expansion of logging, RAMSI’s state-building enterprise helps facilitate primitive accumulation (Brass 2011: 12). As we have seen, this ‘accumulation by dispossession’ is not always coercive, but nevertheless the economic returns to landowners are both unequally divided and reflect only a small portion – about 10 per cent – of the estimated value of subsistence production on the land (see Bennett 2000: 323-28). In no small part, the problem of rapid urbanisation in Solomon Islands is related to both the destruction of habitats supportive of subsistence production and the dearth of employment opportunities in rural areas. Yet, very few opportunities exist in the towns as well. Hence, the familiar cycle of primitive accumulation – the separation of producer from means of production, followed by the
creation of labour-power for capitalism – is yet to be complete. Indeed, there are few if any indications that this situation will be realised in Solomon Islands.

The imminent exhaustion of commercial logging in Solomon Islands is likely to have serious implications not only for government revenue but for social and political stability more generally. Earlier, I have noted several examples of disputes relating to logging ventures that have split communities. I have also noted that widespread disaffection has been largely averted through a mix of redistribution, if only of a highly unequal nature, and intimidation. As logging is exhausted, leaving subsistence production habitats devastated and few if any income-generating opportunities in their stead, it is probable that the power of current ‘big-men’ will be challenged by resentful community-members, particularly as Solomon Islands has a young population with a median age of 20.6 and one of the highest population growth rates in the world. It is also likely that the exhaustion of logging would threaten the fragile accommodation we currently find between politicians, who rely on money politics for their survival, and the Honiara-based technocrats – domestic and international – that are often supported by or are part of RAMSI. As logging recedes, mining is expanding with the reopening of Gold Ridge and the prospective development of other mines around Solomon Islands, though the fledgling mining sector will not replace revenue lost from logging anytime soon. Yet, the distribution of mining royalties will be even more uneven than it has been in logging, thus potentially destabilising the delicate balancing act that is coalition-making in Solomon Islands even further. In sum, though RAMSI’s efforts to facilitate liberal market-led development through institution and capacity-building have certainly encouraged economic growth in the short term, this growth is based on power structures that are highly exploitative and ultimately unlikely to be sustainable.

Conclusion

International state-building interventions attempt to manage the risk that state failure supposedly presented by building the intervened states’ institutions of governance and by seeking to promote liberal market-led development along the lines prescribed by the dominant international development orthodoxy. RAMSI is a particularly expansive example for this kind of state-building. At face value RAMSI has been very successful with Solomon Islands enjoying years of relative calm and the highest levels of economic growth in the Pacific for almost every year since its arrival in 2003.

A closer inspection reveals, however, that much of this growth has been driven by a highly unsustainable boom in log exports, reaching a staggering peak of 1.5 million cubic metres in 2008, a long way off the estimated sustainable harvest of approximately 250,000 cubic metres per annum. RAMSI’s programs, by restoring stability to Solomon Islands and making foreign investment easier, have thus unwittingly facilitated this boom. As we have seen, though, logging in Solomon Islands functions as a kind of primitive accumulation, destroying subsistence production habitats without providing
long term benefits and with economic surplus divided unequally both between foreign loggers and local landowners and within the landowning communities themselves.

The RAMSI case study demonstrates the massive limitations of approaches that seek to 'build' the peace through liberal market-led development. As logging is the only option available to Solomon Islanders for participating in the global economy, and with logger-supported interests already immensely powerful, it is not surprising that RAMSI's achievements amount to little more than a logging boom.

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