

## PREFACE

The present work looks into the vast asymmetries and conflicting economic and political relationships within the countries of the Southwest Pacific. During the past one and a half decade, there have been several conflicting economic and political pressures on their foreign policies which had created problems in their trade and economic relationships. The prime reason for this has been the unquestioned stronghold of the Western Alliance system. While the countries like Australia and New Zealand depended on the markets of the UK and Western Europe to support their economies, the Pacific island countries depended on Australia and New Zealand for economic security. The ANZUS treaty of 1951 provided the security umbrella to Australia and New Zealand, which was extended to cover the security needs of the Pacific islands. Thus, economically and politically the region has been aligned to the West.

However, the situation has changed considerably for two reasons. Firstly, the Asia-Pacific region as such is the fastest growing part of the world economy and is rapidly becoming a major centre of world trade and economic activity. The growth performance of the Northeast and Southeast Asian economies has been remarkable. Southwest Pacific region which has had a legacy of inward-looking, import-substituting industrialisation policies so far, cannot remain untouched by the spectacular economic growth in its neighbourhood. In fact, the orientation of foreign policy pronouncements of Australia and New Zealand has been towards Asia-Pacific.

Secondly, there has been change in the overall security perceptions. This is due to various factors. In the case of the Pacific island nations, political independence from the colonial rule brought to fore a new generation of leaders which is allergic to domination by major powers. In the case of Australia and New Zealand, however, the reasons are more economic than political. One can say, that it is the nuclear issue which had upset New Zealand, but finally economic considerations have taken precedence over the political.

In the present study an attempt has been made to put these developments and other related issues in their proper perspective. It takes into account the period between 1970 to 1985. It is divided into seven chapters. Chapter One examines the political and economic importance of the Southwest Pacific in international affairs as a result of the marked shift in economic emphasis towards the Asia-Pacific. Against this background, it would be worthwhile examining

the volume, composition and change in the pattern of trade among the select countries of the region, i.e., Australia, New Zealand, Fiji and Papua New Guinea as a case study. This aspect has been discussed in Chapter Two where economic and trade structures of these countries has also been examined. Chapter Three looks into the strategies followed so far in respect of product identification and trade expansion. At various points, the macroeconomic policy variables are examined, because an appreciation of the manifold implications of various policy instruments is a necessary ingredient to an understanding of the conduct of economic policy generally. Role of foreign aid and investment in the economic developments of the Southwest Pacific nations is also highlighted in this Chapter.

Chapter Four differs from the first three chapters, in as much as it brings out the role of politics in the economic development of the region. In this context the role of major powers - UK, USA, USSR, China, France and Japan - and their commitments in the area form the major theme of this Chapter. Traditionally, UK, USA and France have been dictating the politics of the region. However, an overall change in the balance of power, a perceptible shift in the economic activity from the Atlantic to the Pacific, the growing Soviet and Chinese interests in the region had altered the security perceptions of these countries. The nuclear and the fisheries issue had rocked the region. All these developments culminating into South Pacific regionalism have been discussed in Chapter Five. It also examines, *inter alia*, the responses of the countries in the region towards the major powers. A significant portion of this Chapter is also devoted to the reactions of the Pacific island peoples to the policies of Australia and New Zealand.

The theme in Chapter Six is to relate India's technological and economic capabilities to the development needs of the Southwest Pacific economies. This Chapter also tries to find out the reasons for the low level economic co-operation.

The Seventh Chapter is the concluding Chapter of the thesis.