

them. In 1999 the Waitangi Tribunal upheld the claim by M ōri to the radio waves. In its report it strongly criticized the Crown for failing to respond to repeated warnings from M ōri, the courts, and the Privy Council that denying M ōri access to a significant role in radio, television, and communications would be extremely damaging for the M ōri language. The Crown is obliged under the Treaty of Waitangi and its own legislation to protect the M ōri language. In March the government agreed to sell to M ōri, at a 5 percent discount, a parcel of the 3G spectrum (needed for the application of new generation cellphones and data transfer technology). They continued to refuse to allocate to M ōri any of the 2G spectrum needed for mobile telephone services, claiming it had all been allocated. The New Zealand M ōri Council has lost its cases against the Crown in the High Court and the Court of Appeal over the allocations of the radio spectrum and is now taking the matter back to the Privy Council.

M ōri have maintained for some time now that the only way they will be treated fairly in their own country is if there are constitutional changes. The previous government forbade any discussion on this issue. In April the new government and the Institute for Policy Studies at Victoria University of Wellington hosted a conference entitled *Building a Constitution*. New Zealand has no written constitution. The only document that qualifies for that status is the Treaty of Waitangi. Although the conference was by invitation only, and was attended mainly by parliamentarians, the judiciary, the legal profession, and academics, sev-

eral of M ōri's strongest advocates for the entrenchment of the treaty in a constitution attended and presented practical proposals for advancing debate on the constitution. A very wide range of views were presented, and, predictably, there was no consensus. However, there was support for the establishment of two constitutional commissions, one for M ōri and one for non-M ōri. Following the conference the prime minister commented that she did not consider there was any compelling demand to do anything. Although her comments were disappointing, they did signal some progress toward official recognition of the true status of M ōri in Aotearoa/New Zealand.

MARGARET MUTU

#### NIUE

Serious threats to Premier Sani Lakatani's political and personal health occurred during his first eighteen months in office. In August 1999 he was hospitalized in Auckland and subsequently underwent a double bypass heart operation. Lakatani's health problems may have been complicated by stress over his plans to introduce a new air service, which was to have been known as Coral Air. While Lakatani survived his hospital ordeal, the Coral Air venture was not so fortunate.

The purpose of the arrangement with Coral Air was to generate additional tourist revenue for Niue, as the island is virtually tourist-free most of the time, and the larger share of its accommodation properties are usually empty. The Coral Air project was criticized by an independent group of

consultants hired to evaluate the project by the New Zealand government, which then proved unwilling to assist Niue with financial support for the scheme. The airline was to have had several aircraft and a staff of eleven pilots and copilots. With the entire financial risk guaranteed by the Niue government, the plan for the airline was described by the consultants as “imprudent and reckless.” Ultimately both the Niue government and Coral Air accused one another of failing to meet contractual commitments, and the entire matter has been placed before the courts. It seems unlikely that any arrangement with Coral Air will contribute to the rejuvenation of Niue’s tourist industry, which seems to thrive only when South Pacific regional conferences happen to be held on the island. Indeed, the best that the Niue government can now hope for from its involvement with Coral Air is that the airline’s threat to sue for \$20 million—more or less the island’s total annual budget—as compensation for an alleged breach of agreement and for lost business revenue will also fail to get off the ground.

Some members of the Niue Assembly were doubtful from the outset about the government’s plans for Coral Air. Their concerns began with the payment of a loan from the government to the airline. As a result, in late 1999, with the premier still recuperating in an Auckland hospital, a group of assembly members, including an associate minister, began maneuvering to replace him.

When it took office in early 1999, the Niue People’s Party (NPP) held a majority of 14 to 6 in the Assembly through support from a group of independents. By December, however,

it seemed as though the government—the island’s first political party administration—would also be Niue’s first to lose office on an assembly motion of no confidence.

The initial source of discontent with Lakatani appears to have been the commitment to Coral Air. Prior to the vote, Lakatani indicated somewhat ironically that he would call a new election rather than govern with a 10–10 “hung Parliament”—the result that the party itself had inflicted on Lakatani’s predecessor, Frank Lui, prior to the 1996 election. In the event, however, the no-confidence vote, taken on 17 December 1999, found the Niue People’s Party deserted by the independents who had originally given it their support, and the result was precisely the 10–10 outcome against which Lakatani had warned.

The vote itself proved somewhat chaotic, with some confusion about the voting procedure and a decision by elected NPP Speaker Tama Posimani forbidding debate, leaving the grounds for the no-confidence motion at least formally undisclosed. Following the vote, not only was there no prime ministerial resignation, but a statement was made looking toward a number of major projects, including a NZ\$50 million golf resort and construction of a series of wind generators for electricity supply.

Afterward, independent assembly members unsuccessfully filed for a judicial review of the assembly procedure for the vote. This was followed by a walkout of eleven members, preventing further assembly business from being undertaken. The numbers demonstrated that a majority of members was now in opposition to the

Lakatani government, leaving it unable to pass legislation or, unless circumstances change, to enact a budget. A new motion of no confidence, filed by former minister of finance Terry Coe, was not accepted by the Speaker, whose own rulings have also now become a subject of controversy. Opposition members of the Assembly now want the Speaker to be replaced, on the grounds of political bias and because of a series of decisions restricting members' questions, motions, and assembly debate. The departure of the eleven members was in some ways therefore an expression of no confidence in the Speaker and his rulings, as well as in Lakatani and his government.

Accordingly, Niue's own year-2000 problem proved to be a minority government, moreover, one facing a substantial deficit as well as a somewhat weary and unsympathetic larger partner, New Zealand. Reductions continued in New Zealand aid—with a further drop of NZ\$250,000 in budgetary assistance in 1999—and in the Niue population. One study claims that by 2003 the number of residents will have dropped to 1300, a decline of about 100–150 each year. While the Assembly contemplates votes of no confidence against the government, Niue's residents, it seems, continue—by leaving—to display their own lack of confidence in the island's future prospects.

The loss of support in the Assembly could not have come at a worse time for Lakatani. It occurred just prior to his departure for Wellington for discussions with new Minister of Foreign Affairs Phil Goff, appointed following the election in New Zealand of a Labour-Alliance coalition govern-

ment in November 1999. Lakatani had been invited with the rest of his cabinet to Wellington for talks about Niue's social and economic problems. The agenda included the future of Niue's constitutional ties to New Zealand, the need for better air services, Niue's alleged involvement in offshore banking fraud, and continuing levels of New Zealand financial aid. The New Zealand government appears to support several "reform" measures, including the establishment of a Niue Trust Fund to assist with financial management, introduction of a goods and services tax to replace personal and company taxation, and a long-term national strategic development plan (of which, however, there have in the past been several, all of them hopeful, none of them effective) involving greater support for the private sector.

The talks between Niuean and New Zealand officials built on a New Zealand review of its development assistance to Niue, published as *Developing a Sustainable Private Sector*. The report criticized successive Niue governments for failing to adopt economic reforms to reduce the size of the public sector, stimulate private businesses, and introduce new financial management systems. It went on to identify Niue's main problems as loss of population, an excessively large and dominant public sector (and a correspondingly weak private sector), and awkward land tenure issues. Attention was also drawn to the failure of the Niue-Tuvalu immigration program, begun in 1997, which has led to only a handful of Tuvalu families arriving, all of them living in one village, Vaiea.

The Niue government's payments to

Coral Air have also become a source of concern for New Zealand. The funds provided for Coral Air were in contrast to the cabinet's reluctance to assist the island's top hotel, the Mata-vai Resort, which has now become insolvent, notwithstanding the government's substantial prior investment in the property, in which it holds a 51-percent share.

Some New Zealand officials, unhappy with the absence of progress toward financial self-sufficiency, want to review the pivotal Constitution Act 1974, which commits New Zealand to providing ongoing support for Niue. If this were to be done, there would appear to be only a limited number of available political status options: full independence (likely to be resisted by Niue and by most Niueans); continuation of the present status, self-government in free association, perhaps with reduced financial support from New Zealand; and reintegration into New Zealand. The last would lead to abolition of the Niue Assembly and the cabinet, and their replacement by a local government administration of some kind—an unappealing prospect for Niue's politicians. The various options are to be explored by a joint consultative group composed of officials from Niue and New Zealand. The New Zealand three-person team includes the director of the Foreign Ministry's South Pacific Division, an official from its legal division, and a Treasury official.

While some New Zealand officials may be contemplating weaker links to Niue as a way of saving money, Niueans can be expected to be vigilant about safeguarding current constitutional relationships guaranteeing citizenship and at least a measure of

financial support. A 1991 review recommended that the present arrangements for New Zealand citizenship for Niueans be retained, but suggested that a concept of "Niuean identity" could be developed as a possible first step toward Niuean citizenship. In addition to the citizenship issue, the government's Constitution Review Committee is considering the question of control over Niue's external affairs. Its report is due to be presented during 2000, first to the Assembly, and then to the joint Niue–New Zealand consultative group.

Ties with New Zealand were bound to be affected by the change of government there. The election of a new Labour-Alliance left-of-center administration has introduced a new set of faces for Niue's politicians to deal with. Whether there will be changes of policy, however, is another matter. Not surprisingly, Lakatani prefers an end to New Zealand's recent practice of reducing budgetary aid by NZ\$250,000 each year. There are even hopes of a reimbursement for previous reductions, totaling NZ\$1.25 million, with the funding going toward a 10 percent cost-of-living allowance for the island's 430 public servants.

Niue's ties to New Zealand are still its most important—not only because of the aid received from New Zealand, or the access made possible by Niueans' possession of New Zealand citizenship, but because of the ongoing constitutional relationship that exists between them. Premier Lakatani's plans to establish ties with China, for instance, provoked a response from then minister of foreign affairs Don McKinnon that Niue would need to consult with New Zealand before establishing links with China or

indeed any other country. Although constitutionally correct, it is difficult to understand why New Zealand should have been in any way concerned about a widening of Niue's international contacts. New Zealand has its own ties with China—one of its major trading partners—and any assistance that could be provided by China would in some way take pressure off New Zealand as Niue's main donor country. Niue has also been seeking aid from Taiwan and South Korea. The possibility of the island gaining aid from both Taiwan and China was in itself, however, somewhat ambitious.

Despite uncertainty about the future direction of the Niue–New Zealand relationship, preparations have begun for centennial celebrations commemorating the connection. Niue was proclaimed a British protectorate in 1900 and on 11 June 1901 it was formally annexed to what was then the Dominion of New Zealand. At that time, the population of Niue was 4,600: nearly a hundred years later, there are about 1,700 people on the island, a remarkable population implosion ultimately attributable to the island's ties to New Zealand. At present there are 517 occupied homes on Niue. The village of Namukulu, the island's smallest, has only nine households and twenty residents. The capital, Alofi, has 655 people, a drop of 77 since the 1997 census.

The government's precarious hold on power comes at a time when, ironically, its political stability has been identified as an important factor in a major initiative and investment. An agreement between the government and the International Medical Education Planning Committee, based in the

United States, has led to the establishment of the Lord Liverpool University George Washington School of Medicine on Niue. The university, which is not affiliated with any other similarly named institution, is similar to other such entities set up on Caribbean islands. Niue's reputation as a safe and secure environment, politically stable and free from international conflict, seems to have attracted the organizers to it. While it was expected that about fifty students would attend the first-year medical course, contributing to Niue's economy and, no doubt, to its overall standard of medical care, when the university opened in May 2000 there were only about fifteen students. Two places have been set aside for Niuean graduates with a BA or BSc degree. The medical school is projecting a combined student and teacher population of between six hundred and a thousand people over the next five years—a high proportion of Niue's total population and likely to have a substantial impact on the island, both economically and socially.

The courses offered are for medical degrees recognized by Niue and by the World Health Organization (WHO). At its opening, the university campus was located at what has been, until recently, the Niue Hotel, where there are to be lecture halls and a medical library. According to the medical school's website, there are plans for a permanent campus, with "impressive buildings, interwoven with the community," to be built on 10 acres of land south of Alofi.

The Niue Hotel itself, twenty-five years old, had been put up for sale by the government. Although refurbished at great expense following Cyclone Ofa in 1991, the hotel has been expe-

riencing poor occupancy rates for some time and has been surpassed in quality by the equally beleaguered Matavai Resort. With the opening of the medical school, the hotel finally ceased to function, the property having been leased for at least three years by the university.

At the same time, an overdue upgrade is also being carried out at Niue's Lord Liverpool Hospital. The renovation project, part of a larger health-care program funded by New Zealand's Office of Development Assistance, has been made possible through WHO support. The Niuean health service was also to benefit from a new chiropractic service, based on the university campus.

Political changes in the Pacific region have also had their effects on Niue. All twenty-one Niuean students at the University of the South Pacific were evacuated from Suva following the armed coup in May 2000, and most flew on to New Zealand. Lakatani joined with other Pacific leaders in condemning the Fiji coup attempt. Subsequent developments in Fiji and the Solomons gave Niue its own mini-security scare. An apparent warning to Lakatani, made on an Internet chat-site, led to the provision of additional security at both his home and office, as well as a bodyguard for his travel to New Zealand in June. That journey culminated in a visit to the west African state of Benin, where Niue's ongoing bid to broaden its international ties was producing a further and potentially significant success. Lakatani was attending the European Union-African, Caribbean, Pacific (ACP) meeting, at which Niue succeeded in gaining membership in the ACP group prior to signing the Suva Con-

vention, the successor to the Lomé Convention. Niue expects to gain specialized aid and trade development assistance from its formal relationship with the European Union. Niue also hopes to join the Asian Development Bank during 2000, reversing the bank's previous rejection of its application and opening the way for further funding for a variety of development projects.

Despite its minority status, the Lakatani government has continued its "think big" approach to development, perhaps in an attempt to demonstrate to New Zealand that the island can at some point achieve financial independence. It is worth reflecting on the scope and scale of what the Niue Cabinet has been seeking to achieve. Since taking office there have been, as noted, plans for a new airline (unsuccessful) and the opening of a new medical school (under way). But these are but a few of the projects contemplated by the cabinet. Others include a 3,000 acre herbal medicine orchard; a NZ\$50 million golf course; a NZ\$300 million "cyber city"; a 150-room resort and casino; the sale of residential estates for retired Koreans eager for sea and sun; another golf resort concept, to be developed by and for Australian investors; a project for manufacturing alternative energy units; and various information technology proposals.

Perhaps the most imaginative of all these ventures is the "cyber city," which requires legislation setting up a Niue Multi-Media City Authority. The plan, promising NZ\$500,000 a month royalties to the government, would use hundreds of hectares of "indefinitely leased land" to be administered by a government-controlled authority, which would in turn give a license to

a corporation to operate the “cyber city.” The project anticipates establishment of an Internet university (20,000 students) as well as a facility with two hundred companies engaged in multi-media, information technology, and research and development activities. In addition to the projected government rental income of NZ\$6 million annually, the scheme would open up important new job opportunities for skilled Niueans, some of whom could perhaps be induced to return “home” from New Zealand. A public launch for the project has been targeted for later in 2000.

The Niue People’s Party’s appeal—like that of many populist parties worldwide—has been based, in part, on promises of financial largesse to the less well-off. Some of these hopes have already been achieved, accounting for the party’s continuing popularity. There have been increases to pensions as well as additional funding for village councils and other organizations. The price has been high—a substantial budget deficit, expected to reach about NZ\$1.5 million—as spending has not been offset by increases in revenue. The financial shortfall may lead to a reduction in public servants’ working hours (to a four-day week).

Midway through 2000 the position of the government remained precarious at best. In June a motion supporting a request that Lakatani leave office failed on a 9–9 assembly vote. The opposition had intended to move a motion of no confidence—the second in six months—but due to overseas travel plans on the part of some assembly members, the motion (which would have required the Assembly to reconvene at a later date) was with-

drawn. Lakatani has indicated, however, that he will not voluntarily vacate an office which he waited a long time to win, and he has requested that there be no further discussion of the idea. In any event the tied vote prevented further assembly debate for the moment. The request for Lakatani’s resignation was prompted by continuing concern about Coral Air and about some of the other plans to assist overseas developers with the various resort and information technology projects.

Other, more unusual financial concerns are also having an influence on Niue’s political and economic affairs. These developments raise questions about the future of both the island and its leader. Problems with Niue’s international reputation took an unexpected turn when it was included on a blacklist of international tax havens published by the G7 industrial group of nations. The G7 report named Niue as one of a group of nations, many of them Pacific Island states, failing to meet accepted criteria against money laundering, including the enforcement of regulations for financial disclosure. The G7 group, known as “the Financial Action Task Force,” went so far as to caution countries against making any transactions with people and businesses in blacklisted countries.

Niue can ill afford sanctions against it for alleged money laundering. The prospect of financial penalties has been of concern to both the New Zealand and the Niue governments. Niue maintains that it already has in place stringent banking legislation and that the entire matter arises out of some sort of bizarre misunderstanding. Even so, claims that Niue’s banking regula-

tions are inadequate, and may be being exploited for criminal purposes, are likely to lead to some steps being taken to close remaining loopholes. On the other hand, it is possible that by doing so it will remove some incentives for depositors to lodge their funds in Niue in the first place. There are six offshore banks registered on Niue—none of them physically present on the island—as well as 4,800 international business companies registered for tax-haven benefits.

The premier's problems, perhaps more imminent, stem from the likely immediate effects of a failure for them to be solved. His personal financial position has led to the commencement of bankruptcy proceedings over his business dealings with a New Zealand-based company. The service of bankruptcy papers arises out of Lakatani's failure to repay a NZ\$30,000 debt to an Auckland businessman. Once stamped and formally approved by the court, service of the papers would give the premier just fourteen days to have judgment set aside or to make a counter-claim.

There are serious political implications if the bankruptcy proceedings succeed. Lakatani—ironically Niue's minister of finance as well as its premier—faces disqualification from parliamentary office, and consequently loss of his assembly seat and cabinet position, if he is declared bankrupt. This would be a novel contribution by Niue to comparative political science, adding “bankruptcy” and “non-payment of debt” to the category of instruments—coups, no-confidence votes, election defeats, impeachments, and assassinations—available for replacing a head of government.

STEPHEN LEVINE

## SĀMOA

The issue that made the most headlines in Samoa in the period from July 1999 to June 2000 was the murder of the minister of Public Works, the Samoa Water Authority, and the Electric Power Corporation. Other important issues included by-elections, the electoral reform commission, the Olympic sports dispute, and the nurses' strike.

Events of the night of Friday 16 July 1999 shocked the tiny Samoan nation and the world. A ceremony to mark the twentieth anniversary celebration of the Human Rights Protection party (HRPP) was being held at St Joseph's College hall at Alafua, about 10 minutes drive inland from Apia. Minister Luagalau Leva'ula Kamu and Tuala Sale Tagaloa, Minister of Land, Survey and Environment, were co-masters-of-ceremony. Luagalau was shot at close range, a few minutes after introducing the prime minister, as he walked to the back of the stage to answer a cellular phone call from a relative. He was fatally wounded by a single shot from a .223 calibre rifle. At about eight o'clock, he was taken to the national hospital, where he died thirty minutes later (SO, 18 Jul 1999). Luagalau's body was laid to rest at his home in 'Ululoloa on 22 July. Among the dignitaries who attended the funeral were the New Zealand members of parliament Murray McCully and Tau Henare, accompanied by the Samoan members of the New Zealand parliament Arthur Anae of the National party and Phillip Field of the Labour party.

Samoa tried to come to terms with its first political assassination in modern times. Well known as a peaceful people who pride themselves in their