Solomon Islands economic recovery: a people’s approach to economic development

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The reconstruction of the Solomon Islands economy represents a major challenge for the Pacific region. For the first time, Pacific island countries have agreed to address the internal problems of another Pacific island collectively. In the past, the countries of the Pacific have shied away from delving into the internal affairs of other Pacific island countries for political and legal reasons. Under international law, states generally do not interfere in the internal affairs of other states. This principle has guided Pacific island countries for a long time and explains their reluctance to respond quickly to the crisis in Bougainville and Solomon Islands. Pacific island nations guard their sovereignty carefully and give it a fairly narrow definition. However, recent political, economic and trade developments arguably weaken the idea that sovereignty is sacrosanct. Indeed, if it were to be applied literally, states would not have the freedom to engage in international relations; the fact that Pacific island countries cooperate and conclude treaties involves a certain degree of loss of sovereignty.

Solomon Islands is paying an enormous price for the ethnic crisis from 1999 to 2003. However, the sacrifice that Pacific island countries are making for Solomon Islands is also very large. If these nations had embraced the idea of cooperative intervention earlier, the cost to the region as a whole might have been lower.

The same could be said of Bougainville where pleas for assistance and intervention went unanswered for a long time.

The lessons for the region are very important. Pacific island countries cannot afford to repeat the mistakes made with Bougainville and Solomon islands. In the case of Solomon islands, the Regional Assistance Mission to Solomon Islands (RAMSI) provides the country with an opportunity to pursue economic and development plans that are radically different from the past 25 years and to set in place a development framework that includes people’s participation in development.

This article advocates an approach to development that involves people, particularly resource owners, and utilises the strengths and advantages of the customary land tenure system.

It builds on the ideas that the Solomon Islands Development Trust have been advocating for the past 21 years; that development is about people. It is difficult to dispute this fact when 90 per cent of land in
Solomon Islands is subject to customary tenure and 90 per cent of the population live in the rural areas. Unless there is a radical shift in the paradigm that has underpinned economic development in the Solomon Islands over the past 25 years, the tensions resulting in the ethnic unrest could re-emerge. The Regional Assistance Mission to Solomon Islands should be a conduit for reconfiguration of the economic development paradigm that has dominated Solomon Islands’ development thinking.

Exploitative economic development

Solomon Islands is generally underdeveloped. However, the country is well endowed with natural resources, with large tracts of virgin forest, vast tuna resources, and deposits of gold, nickel and bauxite. While it has the third largest population in the region, Solomon Islands has relatively low population density and large areas of under-utilised land. It has a high population growth rate and large numbers of young people in proportion to other age groups. It has been argued that the nation’s economy is not robust enough to absorb the high population growth rate into the formal sector (Solomon Islands 2001).

With respect, such conclusions have skewed the minds of development planners and policymakers. It is contended that development plans and policies should harness the strengths and advantages of the Solomon Islands’ young and vibrant population. A country’s human resources are its greatest asset. The large proportion of youth in Solomon Islands should not be perceived as an impediment to economic growth, but rather as an asset to be harnessed, nurtured and released to spearhead economic recovery and nation building. The negative perceptions of Solomon Islands youth stems from the images of young unemployed people loitering in Honiara. However, this ignores the fact that the majority of youths actually remain in the rural areas, farming the land and being productive. Arguably, such inferences are drawn by development planners who have a limited understanding of rural development.

The Solomon Islands’ economy is based on the exploitation of its human and natural resources. In the 18th century, the planters and traders who settled throughout the islands acquired land and established plantations. This established the precedent for large tracts of land to be alienated and given to outsiders to develop. Solomon Islanders who owned land worked as labourers. Their participation in development was not as equals. They were subservient to the traders and planters.

Slavery in the form of ‘blackbirding’ Solomon Islanders to work in plantations in Samoa, Fiji and Australia also established a pattern of migratory labour, mostly of people from Malaita. While in the 19th century, the mass migration of labour was from Solomon Islands to overseas plantations, in the 20th century, labour migration was largely internal, involving mainly Malaitan labourers contracted to work in coconut plantations in the Russell Islands and elsewhere. The colonial administration promoted an export-oriented economy based on the export of raw materials, resulting in the alienation of customary land and displacement of Solomon Islanders from their home islands and land. This set the pattern that has permeated development planning in the Solomon Islands since independence.

The colonial government pursued a three-pronged strategy towards economic development.

- The creation of an export base for foreign-owned business entities. In its endeavours to diversify the resource base for exports, the colonial government adopted a policy of land acquisitions through the Waste Land Act. The colonial govern-
ment’s efforts to alienate land were complemented by those of traders and planters who purchased large tracts of land for their plantations, invariably paying a pittance to the landowners. If fair trading legislation existed at the time, most of these transactions would have been deemed commercially unfair and therefore illegal. Some of the land declared as ‘waste and vacant’ by the government at the turn of the 19th century now provides an important base for key industries such as Kolobangara Forests Plantations Limited and the Soltai Fishing Company. It would be wrong to suggest that landowners were not aware of the implications of the alienation of their land. In fact, the first recorded land litigation in the Solomon Islands involved the challenge mounted by Chief Gumi of Roviana against the declaration of land around Noro as ‘waste and vacant’.

• The introduction of internal self-supporting mechanisms such as the imposition of head taxes on indentured labour to support the colonial government.

• The creation of new institutions at the grassroots level such as the introduction of village constables, village courts and village headmen, to supplant traditional structures.

While no judgment is passed on these initiatives, it should be noted that the alienation and subjugation of landowners entrenched in the colonial period continued after independence until the emergence of the ethnic crisis. It is clear that landowners have never featured in the planning and development process of Solomon Islands.

In its quest to leave the country on a sound economic footing in the late 1960s and early 1970s the colonial government pursued the development of large-scale resource exploitation projects. A joint venture fisheries agreement was entered into with Taiyo Gyogyo of Japan for the establishment of a cannyery based on pole-and-line fishing. The pole-and-line fishery was labour intensive but more importantly depended on the collection of live baitfish in the near-shore areas subject to customary tenure. Negotiations were quickly conducted with landowners from Guadalcanal plains to lease land for a major rice and oil palm plantation. When the rice plantation was closed in 1986 following cyclone Namu, the Solomon Islands Plantations Limited acquired the land and extended the oil palm plantation. Fundamental to an understanding of the frustration of landowners is that, although they owned the land leased to Solomon Islands Plantations Limited, they only held 2 per cent of the shares in the company. The majority shareholders were the Commonwealth Development Corporation and the Solomon Islands’ government through the Investment Corporation of Solomon Islands.

At the time of independence, forestry was monopolised by the Dutch multinational company, Unilever. In fact, most of the land acquired as ‘waste and vacant’ by the colonial government was leased by Unilever. When production at its largest operation at Kolobangara dwindled through over-exploitation, it moved to the northern part of the neighbouring island of New Georgia. By that time Solomon Islands had become independent. In a highly exploitative move, the Solomon Islands Parliament enacted the North New Georgia Timber Corporation Act, which vested timber rights in the forest with the Corporation. While the landowners are represented in the North New Georgia Timber Corporation Board, the majority of landowners are silent spectators with no timber rights. The practice of bypassing landowners by the colonial government continued after independence.
According to the Central Bank of Solomon Islands’ Quarterly Review for June 2003, the nation’s major economic activities currently are logging, fishing, copra and cocoa production. In the crisis period gold and palm oil were also important (Table 1). The instability between 1998 and 2003 has resulted in the lack of accurate statistics for that period.

The dependence of the Solomon Islands’ export base on the land raises the following questions: what role does land have in economic development in Solomon Islands? More specifically, what role do landowners have in economic development? How much of the value of exports trickles down to the landowners? What lessons can be learnt from the patterns of development in Solomon Islands over the past 100 years? What can development planners do differently in the future? The key policy objective for the government should be to involve landowners in development, to empower them so that their land, water, sea and forestry rights can be used in ways that improve their social and economic lives. Herein lies the solution to the country’s problems.

The ethnic crisis: a protest against land alienation

The importance of land and its sentimental value is not unique to Solomon Islands. Throughout the Pacific, land is central to people’s existence and livelihood. The ethnic crisis reflects the failure of development planners and policymakers to recognise the role landowners play in Solomon Islands society. Land is central to the organisation of society and landowners can no longer be spectators in the development of their land and other natural resources.

To date, there has been no institutional framework to involve landowners in the design and implementation of development projects and investments on their land. Nor has there been any attempt to ensure their rights to resources are translated into tangible benefits to contribute to their social and economic wellbeing.

The causes and manifestations of ethnic tension in Solomon Islands are characterised as follows in the recently approved National Economic Recovery and Development Plan 2003–2005 (Solomon Islands 2003).

The decolonisation process and the transition to an independent country proceeded peacefully and there was considerable economic and social progress made following independence. But towards the end of 1998 the signs of a major discord appeared.

A militant group, calling itself the Guadalcanal Revolutionary Army, surfaced and began harassing and chasing out people of Malaita origin from Guadalcanal province. The ethnic tension escalated during 1999 leading to deaths and missing persons, mostly of people of Malaita origin. At the height of the ethnic tension in 1999 about 20,000 people of Malaita origin were forced out from Guadalcanal and returned to Malaita. The efforts by the Royal Solomon Islands Police Field Force to deal with the situation did not make any headway nor those of an envoy sent by the Commonwealth Secretariat to negotiate peace with the Guadalcanal militants.

Dissatisfied with efforts of the government to contain the situation, the harassment and killing and disappearance of Malaita people and loss of properties, the displaced people of Malaita formed their own militant group, the Malaita Eagle Force, in 2000 and began engaging the Guadalcanal Revolutionary Army, which by then called itself the Isatabu Freedom Fighters. The ethnic tension then became an ethnic conflict. By mid 2000 elements of the Police Field Force joined the Malaita Eagle Force, calling themselves the Malaita Eagle Force Joint Operations, and
took over control of the Capital, Honiara, and continued to engage Guadalcanal Isatabu Freedom Fighters. In June 2000 the ethnic conflict took another twist and turned political when the Malaita Eagle Force Joint Operations placed the Prime Minister under house arrest and forced him to resign and his government collapsed. The National Parliament was convened under stressful conditions and elected a new Prime Minister.

With the assistance of neighbouring countries, peace negotiations were facilitated between the two militant groups and the government. These negotiations culminated in the final peace negotiations held in Townsville, Australia, and the signing of a peace agreement, the Townsville Peace Agreement, between the parties in October 2000. However, a faction of the Guadalcanal Isatabu Freedom Fighters—the Guadalcanal Liberation Front—refused participation in the final negotiations and did not sign the peace agreement (Solomon Islands, 2003).

Unfortunately, a glaring omission in the National Economic Recovery and Development Plan is its failure to acknowledge that the ethnic tension arose because of frustration resulting from the alienation of land, particularly on Guadalcanal. This arose from the sale of land by unscrupulous male members of what is essentially a matrilineal society, illegal occupation of land by people from outside Guadalcanal, and land leases held by companies with little Guadalcanal equity.

Land reform and how the government addresses the long-term issue of land tenure and landowners’ participation in economic development is critical to establishing a stable and sustainable basis for the economic and social recovery of Solomon Islands.

The importance of land to economic development in the region has not been lost on key policymakers in the region. At the 2001 Forum Economic Ministers Meeting in Rarotonga it was noted that Ministers engaged in an open and wide-ranging discussion of country experiences in addressing land issues, building upon a recognition by the Forum Economic Ministers Meeting 2000 of the important role of land in enhancing political and economic stability, a crucial precondition of sustainable development (Pacific Islands Forum Secretariat 2001:7).

However, the issue of land cannot be addressed in isolation; reforms to land tenure need to transform the basic fabric of Solomon Islands’ society.

The breakdown in law and order and its concomitant effects are attributable to the location of the Solomon Islands government in Honiara. During the period October 2000 to July 2003 it was easy for militants to unduly influence the government. This centralisation is a consequence of poor development planning. The path to a long-term solution includes moving core functions of government away from a central location to make it difficult for groups to control it in the way that they did until the arrival of the Intervention Force on 24 July 2003.


Prime Minister Sir Allen Kemakeza’s People’s Alliance Party won the 2001 national elections on a platform to restore law and order and revitalise the economy. Solomon Islanders did not have any illusions about the enormity of the challenge because of the presence of weapons in the wider community, and the inability of the government to provide basic social and public services. From 2000 the government bided its time, handicapped by former militants demanding compensation for all sorts of reasons. In the meantime, there was a trickle of economic activity, particularly logging and tuna fishing outside of
Honiara, Guadalcanal and Malaita. After October 2000, the problem changed from being an ethnic dispute to one in which a small band of former militants were intent on maintaining the disorder, fuelling their lifestyles and bank accounts. With the Treasury and the rest of government co-located in Honiara, militants were able to undermine the authority of government.

The arrival of the Regional Assistance Mission to Solomon Islands in July 2003 helped to restore law and order, and the government is now in a position to make decisions without fear or favour, able to make the hard decisions it postponed because of threats from the militants. As part of the rebuilding process, the government recently approved the National Economic Recovery and Development Plan, which provides the blueprint for rebuilding Solomon Islands. The Plan was presented at a conference involving the government and representatives from multilateral and bilateral aid donors in November 2003. The key objectives of the Plan are to

- improve the security environment by restoring law and order and fostering peace
- bring about macroeconomic stability and income growth
- restore basic social services in health and education
- re-establish the foundations for sustained economic growth and human development.

In order to achieve these objectives, the plan identifies five strategic areas

- normalising law and order and the security situation
- restoring fiscal and financial stability and reforming the public sector
- improving governance
- revitalising the productive sector and rebuilding supporting infrastructure
- restoring basic social services and fostering social development.

Nowhere in the National Economic Recovery and Development Plan is it suggested that the issue of land reform needs to be addressed. It is also silent on the role of landowners in rebuilding Solomon Islands. Indeed, the only reference in the Plan to participation by the people is made in the context of good governance wherein it states that

Inclusive development means that everyone participates in economic and social development and in the affairs of the community and the nation. This means that policy preference and focus is given to the marginalised and disadvantaged and that resources are allocated to correct imbalances and restore equity. However, as the analyses in previous sections indicate there is an increasing level of social exclusion of individuals and household in terms of income, employment, education and health, and with gender and in spatial areas. The development process is leaving behind an increasing number of people, households and communities instead of carrying them forward and improving their lives (Solomon Islands 2003:62).

The only reference to land is made with regard to entrenching a rigid system of land registration, which could result in the alienation of people from their own land as a consequence of inter-island marriages. Over the next two years, the government intends to

- prepare and activate a pilot project for the recording and registration of the tribal lands and in liaison with the Justice Department for the application of the Land Tribunal’s provisions
- review and amend the Land and Titles Act and table in Parliament for enactment
• evaluate the pilot project currently in the Western Province for possible replication nationally
• develop a systematic approach to converting temporary occupation licences areas to fixed term ownership
• review and amend associated Acts (Valuers Bill, Survey Act, Town and Country Act, and so on) for enactment by Parliament
• reform and build capacity of the Department of Lands and Surveys.

With respect, the approach does not address the problems that led to the ethnic crisis in the first place. Land reform is the most difficult issue to address because of its complexity and sensitivity. Land reform is not just about land. It is much broader and involves people’s behaviour, attitudes, lifestyles and perceptions about land and resources. As a result, it is an issue that governments tend to avoid. However, no long-term solution will be found to the crisis unless the issue of land and landowners’ participation in development is addressed. It is not possible to address the land issues identified in the National Economic Recovery and Development Plan unless a comprehensive land reform process is put in place.

Alternatives to the status quo: a people’s approach to economic development

The justification for a people’s approach to economic development is based on the premise that landowner’s rights to their resources should be an instrument to improve their quality of life. The use of these rights can be exercised cooperatively, either in partnership with each other or with foreign investors. Arguably, a people’s approach is not amenable to neo-classical economic development models, where inputs include extensive capital mobilisation, because most landowners do not have access to such capital. The assumption that development activities must be capital intensive disregards economic activities that do not require extensive capitalisation such as butterfly ranching, eco-tourism, and small-scale timber utilisation.

To demonstrate how landowners can become involved in the development process, Noro in Roviana, Western Solomon Islands, is used as an example. Noro is a designated industrial area. It is where the Soltai Fishing Company is located and has an international deepwater port. It is also connected by road to the government substation in Munda, which has the second-largest runway in Solomon Islands. The scope for further expansion of Noro, however, is constrained by the lack of suitable commercial land. During the crisis a number of businesses expressed interest in relocating to Noro but were precluded by the shortage of land that could be leased or purchased.

In response to the demand for land, the government could encourage the landowners of the adjacent areas in Noro to make land available for commercial development. In order to allay the fears of investors who would want security of tenure, the landowners could formally register the land in perpetuity in their tribal name as a cooperative. In this way, the landowners would not lose their land since they would have a residual interest in the land. The twin concerns of landowners and investors would be met because, on the one hand, landowners would continue to own the land while investors would have security of tenure through a sublease from the landowners.

Assuming that landowners make land available for commercial development and that 100 commercial sites are subleased at an annual rental fee of SI$10,000, this would amount to SI$1 million annually in rental
fees. How could landowners otherwise participate in development of the area? It is proposed that, collectively, all members of the landowning tribes would be entitled to the land rents. However, in order to avoid problems that have beset the distribution of royalties in the past, it is proposed that the land rents would not be distributed. Instead, government should enact legislation that would compel landowners to establish special-purpose trust funds in which to invest the land rental proceeds and other earnings such as royalties. The purpose of the trust would be to ensure that funds would be used for the common good. The experience in Solomon Islands with landowner revenues has been painful and socially damaging. Generally, revenues are not distributed equally amongst members of the landowning groups. This is true of payments received from land rents, water rents, timber rights and mining rights. The idea of special-purpose trust funds is to promote fairness and equity, and to avoid the problems that have arisen in the past. It is important, therefore, to ensure that the funds are managed under an independent trusteeship arrangement.

It could be argued that this proposal would be an abridgement of the constitutional rights of the landowners to privacy. In other words, landowners should be free to use the financial benefits received from economic activities on their land in whatever way they wish. The counter-argument is that the track record of landowners dealing with their own funds has been poor and consequently there is a broader public policy interest to ensure that funds belonging to the community are used fairly and equitably.

It is proposed that two conditions for participation would be established. The first is that the sublease of commercial sites to persons outside the landowning groups should be conditional upon them entering into joint business ventures with individuals or families from the landowning groups. This would ensure that individual members of the landowning groups benefit directly by participating as partners in business ventures.

The second is perhaps less palatable but would ensure that there is a communal benefit. Interest or dividends earned on the funds held in trust should be used to fund an Educational Centre of Excellence for the Roviana area. It is proposed that the earnings from the fund are used to pay for the best teachers and provide the best educational facilities for the Roviana area. The Centre would provide comprehensive education from early childhood to old age and would have a library, vocational training component, and also modern information and telecommunications equipment. The education provided could be of such a standard that the main export from the area would be its human resources. Further, the brightest and best students from the region could be provided scholarships to study in reputable universities overseas, thus further enhancing the human capacity of the area.

With a well-trained, highly educated and skilled workforce, the Roviana area could attract investments that are not exploitative nor labour intensive with low skill requirements, but those that require high level skills such as putting together computers and other electronic equipment. The educational institution would be sustained by the land rents that will continue to be collected. The results of a high standard of education could permeate throughout the community, with improved health outcomes, greater participation by people in decision making, greater political awareness, and appreciation of sustainable development.

Education is used here as an example of how landowners can apply their resources to improve their quality of life. Benefits can also be achieved in areas such as improved
water supplies and roads. If landowners use funds received from their resources to meet their social needs, it could reduce government expenditure on social services and make available increased funding for other areas such as infrastructure development. Furthermore, landowners would have a sense of ownership of development, and would therefore have an incentive to protect it.

Other examples of people-oriented development can be imagined. For instance, the landowners where Solomon Islands Plantations Limited operates could have been involved by encouraging them to plant oil palms as smallholding units. Instead of being involved in all facets of the industry, Solomon Islands Plantations Limited could purchase the palm kernels direct from the landowners. Such a system already operates in West New Britain Province in Papua New Guinea. The challenge for Solomon Islands is to explore the opportunities for landowners to participate in development.

It has been argued that landowners already benefit from development activities on their land through employment, royalties, and other indirect economic activities such as marketing of fresh produce and the running of small shops. While true, most of these benefits have been short-term and derive largely from highly exploitative, labour-intensive activities such as logging and mining. It is contended that landowners must not merely provide a service to resource companies: landowners should be in the driver’s seat.

What are the ingredients required for a people-based approach to development? The first is recognition by development planners and policymakers that development is about people. Generally, development planners are part of a centralised system where decisions and models for economic development and growth are informed by conditions set by the World Bank and other international financial institutions. This explains why a people-based approach to development is not well understood. The second is a willingness to be different, to be radical, and to do something that has not previously been tried. The willingness to do things differently recognises that the way development has been planned over the past 25 years in Solomon Islands, and the isolation of landowners from the development process, has failed. The third—although not directly linked to a people-based approach to development but one which would ensure a long-term solution to Solomon Islands’ problems—is to reduce the dependence on Honiara as the international gateway. International runways should be built on Malaita and the Western Province. This would reduce the dependency on Guadalcanal and help generate other commercial enterprises that require an international gateway for exports. The fourth is a nationwide undertaking to record genealogy and family trees to provide a good basis for establishing land ownership rights and tribal and family affiliations. This would go a long way towards minimising land disputes which, more often than not, occur among people who are related to each other.

Legislation must be passed that provides for the establishment of special purpose trust funds for the collection of revenues from land rents. The legislation should also ensure that the trust funds are properly managed by the designated trustees. Massive educational awareness programmes must be established to help landowners understand the position of power that they are in; and special advisory agencies must be established to assist landowners in their negotiations with companies. To entrench the power of landowners, current legislation with regards to forestry and mining should be amended so that rights to mineral resources and timber are inalienable.
Conclusion

The land issues that resulted in the ethnic tension in Solomon Islands are no different from those faced by other Pacific island countries. The risk remains, however, that the problems in Solomon Islands could arise elsewhere in the region. The challenge facing Solomon Islands and the region more generally is to ensure that the conditions that gave rise to the ethnic problems in Solomon Islands are not allowed to flourish elsewhere. While the presence of the Regional Assistance Mission to Solomon Islands will provide the basis for economic stability in the short term, the solutions to the long-term land issues can only be developed by Solomon Islanders themselves. Obviously, an approach that is different from that which centralised government planners and decision makers are accustomed to will be difficult to adapt to quickly. However, the costs to Solomon Islands have already been high and the risks of not addressing the key issues are too great to ignore.

References


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