



Book reviews

Economic Development in Seven Pacific Island Countries

Christopher Browne with Douglas A. Scott

International Monetary Fund, Washington DC, 1989, vii+219pp. ISBN 1-55775-035-1.

Christopher Browne and Douglas Scott of the International Monetary Fund (IMF) have compiled a review of macroeconomic developments in seven South Pacific countries. The book relies heavily on statistical tables covering each country separately and separate chapters look at each country individually. Readers familiar with the region will find few surprises and there is little attempt at analysis. Those unfamiliar with these economies will find a handy basic set of information and brief descriptions of economic events during the past two decades.

Strikingly little comparative analysis is included in the book. Many tables are in domestic currency, making cross-sectional analysis difficult. An interesting comparison of the various experiences in the region would have been appropriate. All of the countries are small open economies highly vulnerable to external shock. Most have had trouble with rigid and overvalued exchange rates, high wages relative to productivity, low human skills capacity, and frequently, trade balance deficits compensated by services, trade surpluses or transfers. Moreover, because of each country's

uniqueness, various attempted solutions (however tentative) have been applied to these structural difficulties. Papua New Guinea relies heavily on its massive mining sector, Fiji has its tourism and financial sectors, Kiribati skilfully manages earnings gained from its now depleted phosphate industry, Vanuatu has its offshore banking services and tourism, Tonga and Western Samoa receive significant private transfers and Solomon Islands has diversified production. All have had recourse to large grants from foreign sources. A more detailed comparison, not just a recount of historical balance of payments transactions could usefully identify development lessons for the future in this region (and for other small open economies).

Other (that is, non-macroeconomic) development issues are ignored. Human resource development receives cursory treatment, and the role of women and socio-economic variables are overlooked. One cannot fault the IMF for concentrating on its area of expertise, but the ambitious title may mislead readers. Other works can pick up where this book leaves off.

Ethan Weisman

New Caledonia: Anti Colonialism in a Pacific Territory

Helen Fraser

Peace Research Centre, Research School of Pacific Studies, Australian National University, Canberra, 1988, 88 pp.

In the lead up to independence among the anglophone island nations of the South Pacific, the pace was steady, sometimes seen by parties on both sides to be hasty but always with an element of goodwill and cooperation. Independence aid settlements were adequate if not generous and on-going relationships have been cordial. The one exception was the Republic of Vanuatu which, by historical accident, had to contend with separation from two colonial powers, one (the United Kingdom) willing to part company and the other (France) clearly reluctant.

The decolonization process is still being acted out in two remaining French territories in the region — New Caledonia and French Polynesia. In the former, the struggle for independence by the indigenous population has been protracted and bitter as French domestic policies reflect ambivalence towards the future status of the country.

Helen Fraser has provided an excellent review of the political history of New Caledonia and the struggle of the Kanak leadership to gain independence from France. Concise, clear writing brings an understanding of the complexities and frustrations which surround every move made by the parties in their shuffle diplomacy which seeks to change or not change the destiny of a colony, where the indigenous people are now a minority of 43 per cent.

No state in the Pacific can ignore the tension and drama that constantly emerges from this beautiful but turbulent country. The struggle of the indigenous Melanesian population, or Kanaks, is seen by the Pacific islanders as

totally just and the attitude of the French Government as harsh and repressive. The presence of other players, settlers from metropolitan France and migrants from other Pacific groups, complicates matters. These, counted together, are a majority of the residents. Thus, the pro-independence Kanaks are a minority in their own country.

New Caledonia has had a turbulent colonial history with revolts against French rule in the late nineteenth century followed by bloody repression. In the 1960s and 1970s, when other countries in the region were moving to independence, the call for a change in the political status by Kanak leaders was muted. It was not until the 1980s that the real push began and strong leaders in a variety of pro-independence parties began to plan and take definite action to gain independence.

The story of the emergence of Kanak radicalism, the struggle of the minority indigenous people to regain their land and country needs to be heard and understood by the people of the region. Not only the violence and killings associated with the crisis on Ouvéa Island in 1988, and the subsequent tragic murder in 1989 of FLNKS leaders, Jean-Marie Tjibaou and Yeiweni Yeiweni, stand out as major events. The intricate political manoeuvrings on both sides leading to the Matignon Accord signed by all parties in 1988 and seen as holding out some hope for future stability and progress towards self-determination also deserve attention.

This book fills a long felt need and should be compulsory reading for anyone seeking to understand the real South Pacific and the problems and issues in New Caledonia fully.

R.V.Cole

The Fiji Fresh Ginger Industry: A Case Study in Non-Traditional Export Development

Andrew McGregor

Pacific Islands Development Program, Research Report Series No.10, East-West Centre,
University of Hawaii Press, 1988, xi + 44pp. ISBN 0-86638-109-0

The perennial question of the appropriate mix of private and public involvement in the establishment, production and marketing of an agricultural industry is an underlying theme of this interesting case study. Too often the question is answered in ideological terms rather than through a pragmatic and dynamic assessment of the industrial situation. This study generally avoids this trap.

In this study, Andrew McGregor describes the social, economic and policy environment which has shaped the ginger industry in Fiji. He describes how the industry began as a purely private sector initiative which led to the establishment of an export industry based on North American markets. McGregor argues that the industry's *laissez-faire* beginnings, whilst providing the basis for its success, also proved to be its major weakness as the industry matured. By the early 1980s a lack of orderly marketing began to seriously affect the viability of the ginger industry. Both private and government initiatives ensued to impose order. However many of these initiatives proved counterproductive when a large crop in 1986 revealed their inadequacies. The causes of failure are analysed in some detail. Institutional and legal reforms followed in 1987 and these are also detailed. He ends with prescriptions for future reform. These include the establishment of an exporters' consortium including farmer members, with owner equity. He also recommends a regulatory ginger board modelled on the Papua New Guinea coffee and cocoa commodity boards.

The ginger industry in Fiji provides a useful case study and therefore a model of how to succeed and overcome policy failures. Those concerned with other emergent agricultural industries in the South Pacific would be well advised to read McGregor's thoughtful analysis in this case study. Established industries, looking for greater or less government involvement, would also profit from this study. That is not to say that his analysis is always entirely convincing. For example, he asserts that the long-term demand for Fijian ginger exports is inelastic, so that supply control is profitable. This inelasticity may reflect Fiji's position as an important ginger producer. However, his figures show dramatic growth in Brazilian competition during his analysis period. In this situation, it seems very likely that supply control measures, to enhance prices, would be ill-conceived. In another place, he laments attempts by exporters trying to economize on marketing costs by bypassing American wholesalers as 'undermining the established marketing chain' (p.20). However, it is a particular difficulty of applied marketing analysis to achieve convincing and unequivocal policy prescriptions. The article's strength is its fairminded analysis of problems, its clear economic analysis, its policy orientation and its comprehensible writing. (However, some of the tables needed better editing.) Others have often given generalized prescriptions to reform agriculture production and marketing systems. This study provides the balance of the detail of a well thought out case study.

Ian Dalziell

Australia's Relations with the South Pacific

The Parliament of the Commonwealth of Australia, Joint Committee on Foreign Affairs, Defence and Trade

Australian Government Publishing Service, Canberra, 1989, lxii+279pp

The Australian Parliament establishes committees, some of which are joint committees of Senators and members of the House of Representatives, comprising members of all parties (no Ministers or Cabinet members are included). In turn, these committees establish sub-committees to examine specific questions of concern to Parliament and to report on them. In September 1985, a 14 member Sub-Committee of the Joint Committee on Foreign Affairs, Defence and Trade was requested to report, among other matters, on economic relations between Australia and other South Pacific countries. After receiving over 140 written submissions, holding hearings where more than 100 Australian witnesses were present, and eight members visiting eight of the South Pacific countries to hear representations from residents of the area, the Sub-Committee reported in March 1989.

This detailed examination led the Sub-Committee to conclusions that deserve careful consideration. Most of them provide valuable guides for the development of Australian relations with the area. In the first place, they recognized that 'economic security (meaning largely the economic performance or growth of the region) is closely linked with ... the very survival of a number of the smaller states as independent sovereign nations' (Para 2.1, parenthesis added). They emphasized the importance of private involvement rather than government intervention as the path to more rapid progress (Paras. 25, 26 and 3.43-3.45). They faced the frequently expressed complaint that trade between Australia and other South Pacific countries is unbalanced in Australia's favour (Paras 3.4-3.9). Many of these complaints are exaggerated as they ignore the large Australian tourist expenditures in the region. The basic structures of the Australian and Pacific island economies indicate that the islands should compete most effectively in non-Australian markets. The Sub-Committee questioned the value of South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) and Papua New Guinea

Australia Trade and Commercial Relations Agreement (PACTRA) to the non-Australian and New Zealand members of the region (Paras. 32,22 and 3.17-3.28) as they encouraged dependence on a protected Australian market and blunted the stimuli for Pacific producers to become internationally competitive. In any event, as Australia liberalizes tariff restrictions, these agreements will become less important. They found little support in the region for the concept of a free trade area (Paras. 27 and 3.39-3.42). There is a serious danger that any such limited agreement, as distinct from more extensive trade liberalization, would be an instrument for exploitation of poorer members by the wealthier more sophisticated ones.

Most of the report is devoted to proposals for the extension of Australian aid to the area. The Sub-Committee supports this as a route for encouraging economic development that is considered to be in the interests of the countries concerned, as well as in Australia's interest. The Sub-Committee specifically excluded consideration of financial transfers to Papua New Guinea as this was considered to be too complex a question to be covered in this report, but they expect to cover it subsequently (Paras. 43 and 4.62-4.64). A sub-committee has now been established to examine relations with Papua New Guinea. In general, they do not propose large increases in expenditure either for general budget support or for the finance of specific projects. Rather, they recommend a wide range of measures not only to promote economic growth of the island economies directly, but also to improve educational and health standards and to foster cultural relations. The Sub-Committee's approach might be summed up as one that regards problems as requiring something to be done about them, rather than having money thrown at them. The Sub-Committee categorically states that large aid flows into their (that is, South Pacific) economies encourages large public sectors and bureaucracies, artificially

inflated wages and over-valued exchange rates' (Para 4).

Of the Sub-Committee's 46 recommendations, the majority propose specific action by Australian government agencies. For example, recommendation 3 is that 'The South Pacific Trade Commission Service ... be expanded...'. Many are concentrated on cultural and educational relations (recommendation 20: 'Sufficient funds ... be allocated to up-date Radio Australia's transmitter facilities ...', or recommendation 26: 'Australia to run a program of short term, in country, post-graduate training courses, with emphasis on regional health care problems').

A number of these suggestions may be subject to discussion. For example, recom-

mendation 12 proposes that 'In providing particularly "quality of life" type projects to the region, AIDAB ... continue to investigate ways in which greater use can be made of NGOs (Non-Government Organisations)'. This recommendation implicitly assumes that voluntary agencies, whose interests are frequently directed to specific ends, are often more efficient in identifying aid needs and implementing them than agencies with broader interests and wider perspectives. The influence that the historically most important NGOs ... the Christian missionaries ... have had on South Pacific social life does not provide evidence to suggest that NGOs necessarily contribute to an improvement in the quality of life.

Graeme S. Dorrance

Smallholder Agricultural Development in Tonga

Kenneth M. Menz (editor)

Proceedings of a workshop held at the Institute for Rural Development, University of the South Pacific, Tonga, 12-13 May 1988, ACIAR Proceedings No 24, Australian Centre for International Agricultural Research, G.P.O.Box 1571, Canberra, 50pp, free of charge.

The South Pacific Smallholder Project has now produced 11 occasional papers, four research notes and 42 other related papers. This publication, produced in an attractive layout and size, is a good chance to read in summary form, some of the main findings of the project. It makes available eight papers presented to a workshop in Tonga on the constraints on and opportunities for, smallholder agriculture in the South Pacific. The authors are Tongans involved in Australian Centre for International Agricultural Research's (ACIAR) South Pacific Smallholder Project and their Australian collaborators from the University of New England.

The papers demonstrate that although smallholders in the Pacific face many constraints, they contribute between 40 and 50 per cent to the gross domestic product in Pacific countries. They also have multiplier effects, and this sector has a great deal of potential to make major contributions to

Pacific country economies through increased productivity.

The Workshop concluded that many policy-makers seem unaware of the contribution of smallholders, and that they should be better informed. At the national level, there must be a more realistic allocation of resources to reflect the contribution of the smallholder sector fairly. Appropriate strategies that will increase productivity and improve the terms of trade for smallholders should be adopted. Because commodities exported from one country have high demand elasticities, strategies to increase productivity will be productive and this justifies research on them.

The workshop also agreed on the need to strengthen links between research and extension and marketing; on the need to improve farmer training, through the improvement of training staff and training programs; and the need to make agriculture and rural life more attractive.

Bryant Allen