

Pacific Island Independence Can Island Nations Avoid Dependence?

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Pacific Islanders are searching for a new way of life; a life in which we fully accept the responsibility for creating the social, political, economic and cultural institutions to suit our own particular needs. Such responsibility involves the acceptance of ourselves for what we are, and not imitating others, whether colonial rulers or neo-colonial masters. Our cultural heritage must be viewed as an asset for our development rather than a liability as commonly assumed. Not until we fully recognize ourselves for what we are can we effectively contribute to the development of ourselves as Pacific Islanders and of humanity as a whole.

But there is more to it than that. The new life demands being freed from disease, poverty and hunger; a life that does not tolerate injustice and corruption; a life in which the inborn talents of our people can develop and express themselves in ways adapted to our various cultures, past and future.

The first step in achieving these goals is political independence. This is very recent, but is now being achieved and should be complete for most of the Pacific

(with the possible exception of the French, American and Indonesian colonies) before 1980. But political independence is robbed of much of its true meaning if excessive dependence of other kinds still overwhelms the new nation: Economic dependence, military dependence, educational or intellectual dependence, or cultural dependence.

People often think of the achievement of political independence as the cutting of ties, or at least the end of subordination, from an industrial colonial power. It has that potential, but it is seldom if ever achieved in full. Sometimes it is scarcely achieved at all.

Military Dependence

Military technology is now so vastly expensive and so enormous in scale that only the largest nations can be centres of major military power. In today's world nobody can be totally non-aligned, much as we may like to be. The Pacific countries and territories are very small and have no prospect of anything but associating as very small partners in military alliances. Our range of options is limited, and is mainly confined to the extent and type of association with larger powers.

The north Pacific — Guam, the U.S. Trust Territory of the Pacific Islands and Hawaii — is a direct and important part of the American military system; in fact it is dependent on military activity for most of its income and employment. American Samoa too is in that orbit. French Polynesia, New Caledonia, Wallis and Futuna are heavily involved with the French military system — which is part of the Western European military complex, which is tied indirectly to that of the United States. In French Polynesia, most of the income and most of the social and political problems are generated by the French military presence.

The rest of the Pacific Islands are seen in world

terms as the 'responsibility' of Australia and, to a lesser extent in the eastern Pacific, of New Zealand. The 'responsibility' of Australia and New Zealand is to ensure that the systems of government in the Islands are broadly compatible with the interests of the American-based military system, to see that Island air and sea bases and other facilities of potential military value are operating and usable by or for the metropolitan countries, and to ensure that public opinion and political authority are sympathetic to these countries or will at least accept their dominant role. This is achieved by supplying money, equipment, skilled staff and training — and also by orienting the thoughts, values and personal contacts of Island military leaders in the direction of Australia.

Can the Island nations of the Pacific avoid this dependence? In some form and to some extent we probably can't, but we must make every effort to keep our commitment to any outside country as small as possible, to keep our own options as open as possible and constantly to assess and use our bargaining power. Regional cooperation has both advantages and dangers in carrying this out.

Intellectual and Cultural Dependence

Because English is our second language, we are linked to the English-speaking countries — and especially the U.S.A., Australia and New Zealand. This has many advantages — as our Island friends from the French territories often remind us, for they are in a tight closed relationship with one country, and have no choice. English language and culture gives us a much wider range of choice than that, and we should manipulate it to the full. But we should not be too exclusively tied to the English-speaking countries with European populations. We can lessen our dependence if we

increase our links with other Third World countries, as well as with Japan, China and other countries of Asia.

This is going to necessitate widening the range of languages taught to our highly educated young people (especially those in diplomacy, trade and higher education), sending students to a wider range of places of training, and broadening the teaching about other places and ideas in our present institutions. Our colleges and universities are far too dependent on Australia (in New Guinea especially), on America (in the north Pacific and Western and American Samoa) and on New Zealand (in all the rest of the English-speaking Islands). Their help is appreciated, but by leaning too heavily on too few ideas we are getting into a groove that vies us only one direction to and go — that is, towards further subordination to and dependence on those countries.

The other main form of dependence in the islands is the foreign 'expert' — specialists in many fields from designers of hydro— electric stations to economic advisers. The last few years have seen an encouraging and widening range of persons brought in, and backgrounds they have come from. This is a hopeful sign. The Commonwealth Foundation and several other bodies are now emphasizing more contact between countries of the Third World. We must strengthen and broaden this trend.

Pacific Island Economies

The attainment of a new political and economic strategy for national control of the economy and its development must start from the existing structural and institutional situation not only within the Island states and the region, but also in the international context. More important is to understand the borders between existing national and international economies, and the

basic theoretical formulations on which they are based. These are critical to the task of creating a dynamic towards national control of the economy.

Pacific Island economies are dominated by four characteristics:

First, the relationships between different sectors of the economy are few and limited. Most production is consumed by the grower or sold locally, and little except agricultural produce is exported. In other words, very little of the output serves as input into other sectors of the domestic economy. An other sector of the domestic economy or nearly input—output table shows many empty or nearly empty 'boxes'. There is very little inter—regional trade.

Second, there is little flexibility in resource use — especially of labour with particular agricultural or craft skills. Product mix cannot be rapidly adapted to changes in the price level so as to minimize the effects of fluctuations in real national income. As a result, variations in the price of a particular product can cause very significant losses of output and purchasing power — much more than in industrial economies.

Third, economic growth is primarily determined externally in the sense that foreign demand changes are central to making full use of productive capacity in the short run as well as financing large scale investments to expand capacity in the medium and the long run. High levels of investment are difficult to sustain domestically because of the absence of significant capital and of adequate technical and managerial personnel.

Perhaps the most important characteristic is the Fourth one. The economic and political institutions in which most economic transactions take place are in most countries of the Pacific foreign designed,

directed, controlled and manned. Both the channels of decision-making and the advice influencing the decisions taken in the public as well as the private sector are heavily shaped by the heritage of colonialism and the present reality of economic, educational, technical and high level manpower dependence.

It is critical to realize that none of these characteristics holds true for the industrial economies, whether capitalist or socialist, which form the core of the international economic system with which our economies have to interact. Equally important is the obvious inadequacy of the main body of trade and development theory for the Pacific Island economies, as it is based on extrapolation of the 'special case' of industrial economies and its assumptions include the precise opposite of the four characteristics outlined. No analytical approach using built-in structural assumptions which seriously depart from reality can yield accurate answers to specific political, economic and cultural questions that face the development of the Pacific Islands today.

Strategies for Greater Economic Independence

If one accepts that the creation of independent political economies aimed at national development is a necessity for Pacific Island nations, then the freedom to achieve development depends on the clear understanding of the nature and imperative of that necessity. But, before examining the components of a strategy for development for the Pacific Islands, it is desirable to define economic independence. An economy which is said to be independent may be defined as one exhibiting the following characteristics:

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1. a basic orientation of production towards meeting national demand,
2. a large capacity for the satisfaction of that demand quantitatively and qualitatively,
3. predominant staffing at all levels by national citizens,
4. the ability to engage in international economic relations on terms of relative equality.

I would, therefore, suggest eight major areas in which Pacific Island countries could aim to achieve economic independence. The first is almost of necessity national self-reliance. This basic trend must take an ideological framework in which self-reliance must be believed to be possible and desirable before real progress can be made towards its attainment. The selection of national economic strategies in the initial steps towards constructing a national, socio-political ideology and the awareness that only the citizens of Pacific Island countries are primarily concerned with their welfare and progress are the vital foundations for any coherent and sustained course of action. In the majority of cases the patterns of education and life-style of Pacific Island elites give rise to attempts to deal with Pacific Island realities in terms of the particular educational background. Partly for that reason they foster a series of illusions including that of our greater inability to take active steps towards decreasing present conditions of dependence than is actually the case.

Manpower development -- the second area -- is probably the most widely practiced. However, a planned strategy of localization related to reasonably careful protection of national needs and backed by an

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adequate education development plain remains the exception rather than the rule. What is typical is rapid progress towards localization of administrative and secondary school teaching posts, but often in such a way as to create an elite with a literary-traditional western administrative background rather than one oriented to Pacific Island development requirements. Under such conditions, professionals, senior technicians and managers tend to be expatriates.

A third area is emphasis on rural development in a broader context than the selective encouragement of export crops only. Economic independence is not normally the primary aim of such policy; but Islanders can nonetheless significantly further such an aim if they grow more to replace food imports, and create the basic inputs for the growth of nationally-based industrialization to replace the import assembly of 'paying, polishing and packaging'.

The fourth area is closely linked to the third. It is the importance of altering the economic structure through a greater array of both home and foreign market-oriented lines of production and of emphasizing industrialization. The difficulty in evaluating our efforts so far towards a structural reformulation is the lack of reasonably well-designed strategies backed by political support. This difficulty is heightened by the fact that structural changes are, by definition, not attainable overnight, and that programmers may begin in a largely inarticulate and inconsistent form. They could of course develop into a much more coherent pattern although the reverse is not an impossibility.

Control over economic activity as a specific fifth area usually comes after experience in trying to implement political and economic policies has led to a realization of how hard it is to exert significant national leverage in the context of an open, free enterprise economy. The

aims of control are by no means solely related to economic independence. Among the commonest of such control measures are the creation of an independent central bank with leverage over other financial bodies, trade and industrial licensing, higher tariffs and control on exchange of imports.

The sixth theme is that of public sector involvement in productive activity. What we have seen in the Pacific development plans so far is that such involvement has been on an *ad hoc* basis with the overall strategy for the directly productive sectors remaining one of inducing and controlling private activity. The simple form of implementing government investment in production is by loan to indigenous private ventures.

The seventh and eight areas of national mobilization and attempts to alter income distribution patterns are closely linked. The price of a serious attempt to attain both economic independence and rapid economic development is almost certain to be austerity. The only exception, of course, would be cases in which the transformation took place under conditions of continuous primary export booms until a nationally integrated economy was firmly founded.

All indications so far suggest that it is very unlikely that any Pacific Island economies will achieve this. The acceptance of an open economy and of a political economic strategy based on encouraging broader foreign involvement in the economy might well afford at least a postponement of the date when austerity would be necessary. The need for direct resources to enhance the labour force efficiently and expand output by the small-scale farmer, and the need to maintain support for the government despite the absence of rapidly rising levels of material benefit distribution, require some form of national mobilization.

It seems to me that neither the *laissez-faire* nor *ad hoc* pragmatic in support of private enterprise will lead very far towards the attainment of economic independence in the Pacific Islands. Generally speaking, a shift from the first to the second might experience rapid economic growth, but has added heavy dependence on high levels of net private capital inflow to that of primary export expansion. It has notably failed to develop a significant independent domestic business or local managerial elite, and is likely to discover that both its critical net inflow of foreign investments and the continued expansion of its industrial sector are seriously prejudiced by a slow-down, let alone a stoppage, in the rate of primary export growth. What is needed is a shift from a policy of *ad hoc* intervention to the more comprehensive and sophisticated form of inductive planning backed by substantial public investment in direct productive activity.

It must be asked, whether a mixed economy provides a viable institutional setting for such a strategy, or whether a transformation to a basically socialist mode of production is, under Pacific Island conditions, also essential. It is quite clear that economic development and economic independence within capitalist frameworks have been always and everywhere unattainable.

Equally, it is clear that the socialist, or a would-be socialist framework is not a sufficient condition for economic independence.

These are questions which are open to debate and ones which only Pacific Island leaders should try to answer.

The absence of an independent modern Pacific Island capitalist class appears likely to prove a fatal obstacle to any economic strategy based on capitalist leadership. Pacific Island private capitalism is increasingly becoming more dependent on foreign capitalism. Under these

circumstance, capitalism in the Pacific is most unlikely to prove to be the type of capitalism that Pacific Islanders would like. However, the case for a transition for socialism as part of the quest for national development and economic independence is indeed an important area for more creative thinking. It is along these lines that Pacific Islanders can assert that we are never too small to be free, and to share in more meaningful experience of being independent politically.