

The Future of Asia-Pacific Economies: Pacific Islands at the Crossroads?

edited by Rodney V Cole and Somsak Tambunlertchai. Canberra: Asian and Pacific Development Centre and National Centre for Development Studies, Australian National University, 1993. ISBN 0-7315-1678-8, x + 350 pages, tables, figures, notes, bibliography. Paper, A\$25.

Much to the despair of development economists—not to mention policy-makers and interested donors—in recent years the economic performance of the small developing countries of the Pacific region has generally been disappointing. Despite generous aid support and reasonably favorable natural resources, economic growth has been low—in many cases, below the rate of population growth, resulting in declining living standards. The reasons for this disappointing performance are complex (and differ significantly from one country to the next) and include domestic factors such as low domestic savings rates, poor management skills, and the like, as well as such external constraints as low export commodity prices. Economic revitalization, as a basis for achieving accelerated and sustainable growth, remains a major challenge for these countries and calls for a clear understanding of basic development issues and the problems these countries presently face.

This book focuses on many of the major development issues confronting Pacific Island countries in their efforts to achieve more durable and sustainable growth. It contains thirteen papers presented at a conference at Griffith University, Brisbane, in

November 1992, organized jointly by the Asian and Pacific Development Centre and the National Centre for Development Studies, under Australian government funding.

The book tackles three major themes: international resource availability and role in Pacific Islands development; the essentials of macroeconomic management and stabilization policies; and the role of domestic resources as “building blocks” for future progress.

The five chapters on international aspects are substantial and informative pieces. Andrew Elele, “The South Pacific Economies in a Changing International Environment,” stresses the need for appropriate domestic policies capable of taking advantage of new trading opportunities in increasingly competitive world markets. David Lim, “Relevance of East Asian Development Experiences to the South Pacific,” points to areas where Pacific countries can learn from the experiences of the dynamic economies of East Asia and extols the virtues of “market friendly” policies and trade policies that emphasize export orientation. The importance of regional cooperation and closer links with East Asia are emphasized in a joint paper by James Mak and Seiji Naya, “Economic Cooperation: Asia-Pacific and the Pacific Islands,” and by Rodney Cole, “External Economic Relations of Pacific Island States.” The potential benefits of closer association with such major forums as the Asia Pacific Economic Cooperation Group (APEC) and the Pacific Economic Cooperation Conference are recognized, but the analysis falls short of providing spe-

cific guidelines on how this is to be achieved. For example, would it be feasible for each of the larger Pacific Island countries to become members of APEC? And how can the smaller countries be accommodated?

The extent of Pacific Island countries' dependence on external savings (especially via official development assistance and migrant remittances) is analyzed by Sione Kioa, "Impact of External Resources Inflow on the South Pacific Island Economies." His analysis points to the merit of encouraging higher rates of domestic saving as a means of strengthening the internal development capacity of these island countries. Kioa's analysis of factor productivity is particularly revealing. He shows that around 30 percent of growth in these small economies can be attributed to investment, with labor and technical change accounting for the remaining 70 percent of growth. This finding invites comparison with other developing countries, where capital figures more prominently as a source of growth.

Macroeconomic management—the second major component of the book—is dealt with in a single but lengthy paper by Siwa Siwatibau. Reflecting his extensive regional experience in the field of central banking and economic planning, the chapter contains many insights into the complexities of macroeconomic management and the various policy instruments—including fiscal, monetary, wages, and exchange rate variation—at the disposal of economists for achieving internal and external balance. The message is clear: prudence in the conduct of macroeconomic policy

is essential for promoting financial stability and accelerated growth. The paper also highlights the importance of microeconomic reform as a precondition for longer-term growth. In this strategy, structural adjustment measures aimed at revitalizing agriculture, improving efficiency in the public service, fostering private-sector development, enhancing the flexibility of traditional land tenure, and improving elasticity of tax systems are particularly vital.

The coverage of domestic factors that have major impact on development—the third and final major theme—is somewhat selective. The critical importance of human resource development is highlighted by Ken Gannicott, "Human Resources Development in the South Pacific," and John Rofeta, "Some Issues in the Development and Management of Human and Natural Resources in the South Pacific." Major weaknesses in existing education and training systems among Pacific Island countries—and especially among the Melanesian countries—are outlined, as is the role of education as a source of growth. Particularly revealing is the discussion of the so-called "human resource index" and its potential value as a planning and management tool. A noteworthy conclusion from these papers is that whether investment in education pays off (in terms of promoting economic growth) depends crucially on efforts to implement complementary policy reforms aimed at establishing a "dynamic culture of growth" (213).

Other domestic issues covered relate to the role of the service sector in development, by Rod Falvey and

Norman Gemmell; private sector development by James MacMaster; and social and cultural aspects of development by Antony Hooper. The discussion of services underlines the importance of tourism and associated activities for Pacific Islands development and the scope for more regional cooperation in this field. The analysis of private sector development is wide ranging and accents the value of an integrated approach in which government plays a more supportive and less interventionist role. A major finding is that indigenous entrepreneurs have limited involvement in the business life of these countries, and appropriate entrepreneurial and business training schemes are needed to fill this hiatus.

Antony Hooper's chapter, "Social-Cultural Aspects of Development in the South Pacific," is a salutary reminder of the importance of noneconomic factors in economic development in Pacific Island countries. The point is well made that an analysis of the development process would be incomplete without a proper understanding of the nature and role of culture and the traditional economy. The concept of a "moral economy," in which economic activity takes place within a context of social relations that are normatively prescribed (334), is of considerable interest and worthy of further analysis. It is clear from the analysis that the traditional economy remains a powerful fact of contemporary life in many of these countries, and that development economists will have to learn to live with it.

Compared with the early sections, the discussion of domestic resources is somewhat narrowly based. Although

the conference organizers are correct in focusing on human resource development and other domestic issues noted earlier, they would probably agree that many other factors play as important a role in the development process. A more balanced approach might, for example, embrace such issues as appropriate strategies for the revival of agriculture, population policy, privatization measures, and strengthening credit institutions for development. The importance of crosscutting issues, notably environmental protection and the role of women in development, also deserves emphasis.

All in all, a valuable contribution, with much in it for policymakers and planners. However, a number of minor blemishes and omissions may be noted. These include a degree of repetition that occurs in some chapters, particularly in discussions of the economic and demographic characteristics of the region, and certain aspects of regional cooperation. Monetary amounts are often expressed in local currencies, but relevant exchange rates are not provided. Misspelled words appear in several places (eg, 276, 338), and in some places (eg, 262, 264, and 268) the South Pacific Forum Secretariat is incorrectly referred to as the South Pacific Bureau of Economic Cooperation. The absence of an index will be felt by some readers.

The book imparts a sense of optimism about the economic prospects of Pacific Island countries despite the formidable nature of the development problems some of them face. One is left with the somewhat satisfying impression that given the right set of policies and a firm commitment to

development on the part of governments, the fruits of success that can come from good economic management are there for the taking.

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Labour and Gold in Fiji, by 'Atu Emberson-Bain. Cambridge: Cambridge University Press, 1994. ISBN 0-521-363721, xxiii + 270 pages, maps, notes, bibliography, photographs, appendixes, index. US\$69.95.

The long wait for this important book has been particularly frustrating for those familiar with 'Atu Emberson-Bain's doctoral research and her activism, especially in documenting the prolonged goldmining workers' strike since 1991 at Vatukoula in Fiji. Despite this delay, which appears to have arisen from political and legal logistics, *Labour and Gold in Fiji* has finally been published. In fear of sounding partisan, I recommend this as one of the most significant historical publications to have emerged in the South Pacific in recent years.

This is a scholarly work that crosses academic disciplines. It strongly asserts and reminds readers of the importance of documenting and reevaluating the past to seek to understand and question the dynamics of contemporary issues. Although the bulk of the text documents goldmining and the development of an indigenous labor force during Fiji's colonial years, it raises several issues about the legacy of goldmining in Fiji's contemporary context. It also poses some hard-hitting politi-

cal questions about collusion between the postcolonial state and Emperor Gold Mines Limited and the transnational Western Mining Corporation.

In recent years considerable interest in the controversial management and operations of Emperor in Fiji, and in the working and living conditions of workers at Vatukoula, has been fired particularly by organized labor, specifically some trade unions spearheaded by the reconstituted Fiji Mine Workers' Union and the Fiji Labour Party. Questions have been counteracted by Emperor's slick public relations campaign and by the conspicuous silence of Fiji's postcoup regime. A strength of Emberson-Bain's work is that it does not rest with accusations or polemic, but the record is extensively documented and reflects several years of meticulous research that has embraced various sources and methodologies, from thorough archival research to oral testimonies. A useful discussion of Pacific labor historiography in relation to the politics of the contemporary Pacific, especially Fiji, is provided in the first chapter. This volume illustrates the value of drawing on relevant comparative labor historiography and theory, especially from Africa. Such an approach contributes to placing Pacific studies in the broader global context.

Emberson-Bain has made three other important contributions to the methodological development of Pacific labor historiography. First, she has demonstrated the rich insight that the use of company records can bring to advancing Pacific labor history. The work is clearly no apology for the companies, and this documentation