

DEPARTMENT OF GEOGRAPHY  
UNIVERSITY OF SYDNEY

# SOVEREIGNTY & SURVIVAL ISLAND MICROSTATES IN THE THIRD WORLD



John Connell

Research Monograph No.3



DEPARTMENT OF GEOGRAPHY

UNIVERSITY OF SYDNEY

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## Preface

This monograph was initially stimulated by work in the South Pacific and by an invitation to prepare a chapter reviewing 'Contemporary Issues in Third World Island States' which is about to be published in M. Pacione, ed, The Geography of the Third World: Progress and Prospect (Croom Helm, Beckenham, 1988). That was followed by a period of study leave in 1987 in which I was able to visit most Caribbean micro-states and other states and colonies there and in the north Atlantic and Indian Oceans. At the end of 1987 a more extensive review of development issues was prepared for UNCTAD. This unpublished report, Island Developing Countries: the Future Prospects, is in revised and expanded form the substance of the present monograph. I am grateful to Robert Aldrich for his comments on a draft version, Kay Foster for the word-processing and Peter Johnson for the cartography.

John Connell  
Sydney  
January 1988

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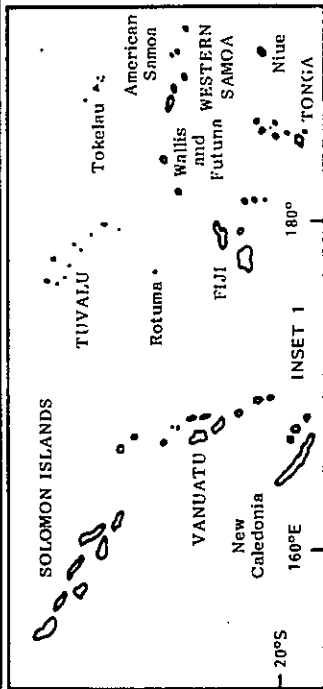
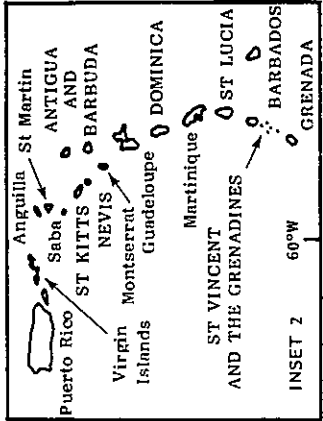
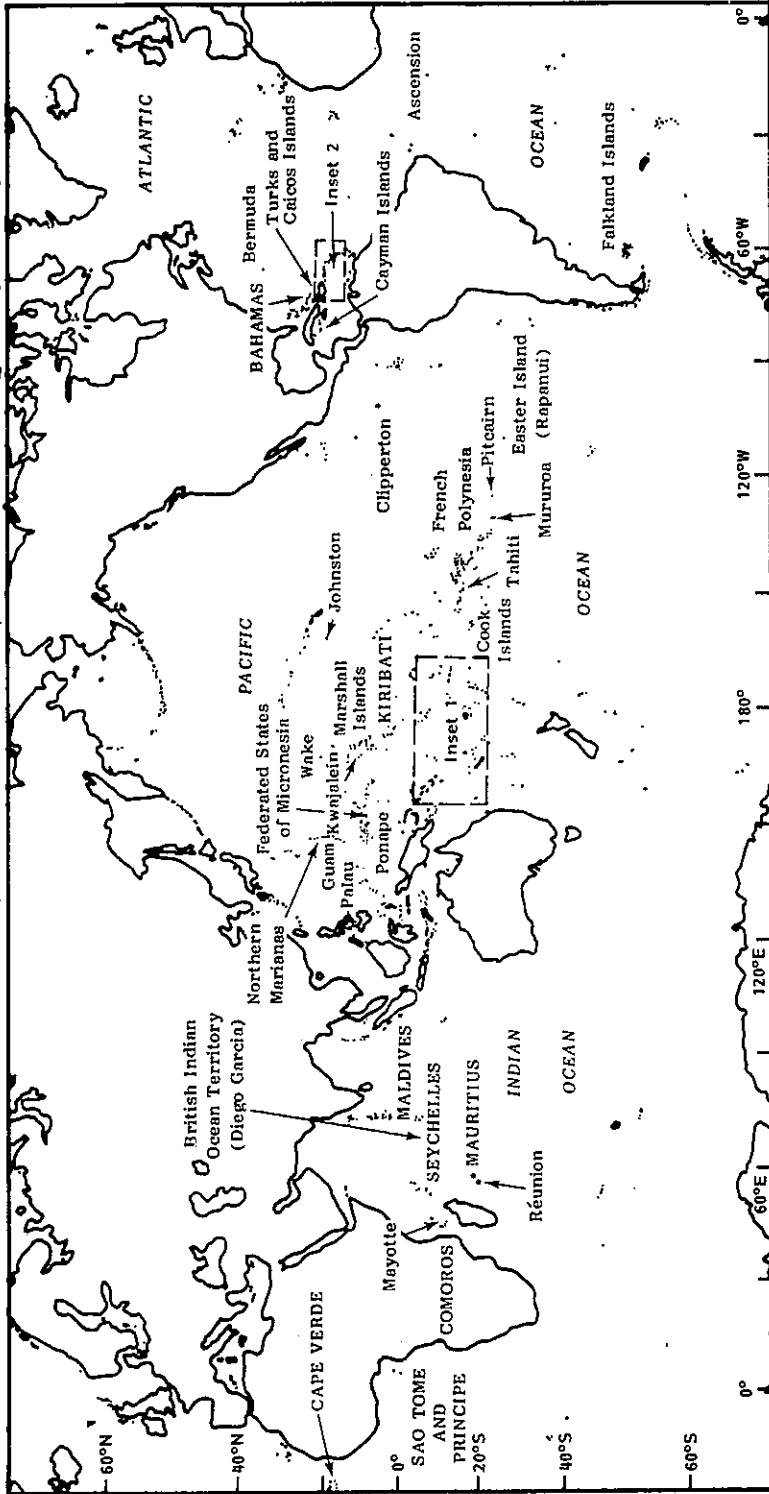


TABLE 1: ISLAND MICROSTATES IN THE THIRD WORLD

	Popu- lation (mid- 1985)	Area (sq. kms)	Popu- lation Density (persons sq.km)	GNP per capita \$US 1985	Life Expect- ancy (1985)
<u>Caribbean</u>					
Antigua and Barbuda	79000	442	178	2020	73
Bahamas	231000	13940	16	7070	70
Barbados	254000	430	59	4630	73
Dominica	78000	750	104	1150	75
Grenada	96000	345	278	970	68
St Kitts-Nevis	55000	269	204	1550	64
St Lucia	136000	616	221	1240	70
St Vincent and the Grenadines	119000	388	307	850	69
<u>Indian Ocean</u>					
Comoros	454000	1865	243	240	55
Maldives	182000	298	611	290	53
Seychelles	65000	404	161	2770	69
<u>Atlantic Ocean</u>					
Cape Verde	325000	4033	81	430	63
Sao Tome and Principe	108000	826	131	320	65
<u>South Pacific</u>					
Fiji	715000	18272	39	1660	68
Kiribati	61000	690	88	460(1984)	52
Solomon Islands	286000	28530	10	470	57
Tonga	95000	700	151	780(1983)	58
Tuvalu	8000	26	308	570(1980)	60 est.
Western Samoa	163000	2935	55	570	65
Vanuatu	140000	11880	12	530(1982)	54

Sources: World Bank, 1987a:269 (for Caribbean, Indian Ocean and Atlantic Ocean); Pacific Economic Bulletin, 2, December 1986 (for South Pacific).

NOTE: The World Bank population for St.Kitts-Nevis was 43.000 but this appears to be an under-estimate. Other World Bank population figures, notably those for the Comoros, St. Vincent, Grenada and the Maldives, are open to some dispute. The population of Tonga is adjusted to take note of the 1985 Census. The World Bank have 1985 per capita income figures for South Pacific states as follows: Fiji (1710), Solomon Islands (510), Tonga (730), Western Samoa (660) and Vanuatu (530). There is no reason to suppose that these are more accurate than other figures. The South Pacific life expectancy figures are for 1980; they vary little from the available World Bank figures for 1985.



## 1. INTRODUCTION

This monograph examines contemporary development problems of small island developing countries or island microstates (IMS), with particular reference to the published literature on these themes. Although it primarily examines development issues in politically independent states, it inevitably makes reference both to similar-sized territories that have chosen other political options and to some larger states. Its conclusions are often also relevant to small land-locked states with which island states are often compared (Selwyn, 1978; Shaw, 1982; Clarke and Payne, 1987). It has never been possible to adequately define small states, in the sense of a particular group of countries where special development conditions and constraints prevail. Attempts to define micro-states have been fraught with problems, and even the most extensive discussions of these issues (Dommen, 1985; Hein, 1985) have been ultimately inconclusive (Bray, 1987). There are no obvious breaks in any continuum of states, which may be small in area and large in population (as Hong Kong or Singapore), hence smallness can only be generally perceived as a 'comparative and not an absolute idea' (Wood, 1967:29). Moreover, "it is not always easy to disentangle the effects of smallness from those of remoteness or peripheralness - or from those of newness. It may not in the end be specially profitable to try to do so" (Davies, 1985:248). Nonetheless in some circumstances, as in the European states of Andorra, Monaco, Liechtenstein and San Marino, very small states have recognised a degree of similarity to the extent of holding joint conferences on economic development issues and reaching joint conclusions. Small island states also therefore perceive some similar development problems but such problems, and solutions, may well be shared by much larger developing states. This monograph therefore principally refers to the twenty politically independent island developing countries with less than a million population and with relatively low per capita incomes (cf. Dolman, 1985a, 1985b) which are summarised in Table One. This arbitrary distinction, which has nevertheless become fairly conventional, generally excludes such states and territories as Bahrain, Bermuda, Nauru and Singapore, where incomes are high, and larger states where economic diversity tends to occur but which play important regional roles. States such as Jamaica, Trinidad and Tobago and Papua New Guinea are thus not wholly excluded from this review though it is primarily focused on the smallest states, including Mauritius, where the constraints to development might be expected to be most severe.

Despite structural similarities, diversity characterises island developing countries even within a single ocean; cultural and linguistic differences have been enhanced by divisive colonial, and sometimes, post-colonial policies. At the heart of the problem of development for IMS are vague notions of viability which crudely assume that small size precludes self-reliance and hence 'genuine' development. Such notions have constantly been referred to for island microstates: 'by reason of their small human and environmental resource base micro-states are of necessity rather more sensitive to external pressure than many other states and are ill-equipped to cope with the rigours of life within the international community' (Harden, 1985:51). A widespread assumption then is that island developing countries have unique and significant development disadvantages. Certainly IMS do not monopolise the more serious development problems though seven of the United Nations list of thirty-eight Least Developed Countries are IMS (Cape Verde, Comoros, Kiribati, Maldives, Sao Tome and Principe, Tuvalu and Western Samoa). Arguably Sub-Saharan African States (but including Cape Verde, Sao Tome and Comoros) have more substantial problems. However, as in eastern Fiji, that 'rural societies are peripheral and insular in location is a conditioning variable; it is not the central issue. What happens in these islands is different in degree but not in kind from what happens in changing rural societies elsewhere in the world' (Brookfield, 1988). Policies that are appropriate to

stimulate development in IMS are just as likely to be different from state to state as they are to be similar to policies appropriate in larger developing states.

A recent review of islands and development has concluded that only three characteristics distinguish development problems in small islands; these are scale, location and transport problems. Small size has some, mainly obvious disadvantages (see Section 1.1) as does remoteness, though both may also have some advantages. In 1975 Selwyn established the idea of 'geographically disadvantageous location' which, when related to small size, has some analytical value (Brookfield, 1986:3; cf. Ward, 1982). However to go beyond limited generalities, it would be necessary to define certain developmental variables and their relationship to island size, state size and population (Brookfield, 1986:6). There have been partial attempts to do this for some island regions, including two global reviews (Ward, 1975; Giacottino, 1987). A series of studies (Fisk, 1982a; Hamnett *et al.*, 1981, Karunaratne, 1982; AIDAB, 1987) have attempted to classify Pacific island states according to various measures of economic and political dependency and vulnerability. With the exception of the still phosphate-rich state of Nauru, these all suggest that the larger IMS of Melanesia have better development prospects than the more isolated and smaller Micronesian and Polynesian states. In every case Kiribati and Tuvalu were distinguished as having particularly severe problems. For adequate policy formation this kind of classification procedure would need to be undertaken in a more sophisticated manner (for which data is often inadequate) and, in this context, at a global level.

A small but growing proportion of IMS have Least Developed Country (LDC) status and all are heavily dependent on aid. There is substantial aid bias in favour of both colonies and IMS (de Vries, 1975; Knapman 1986; Connell, 1986b), primarily reflecting the strategic objectives of donors, and the UN membership of most IMS, since needs are usually better satisfied, and strategies to achieve economic growth less well defined, than in other developing countries. High aid levels, alongside limited prospects for economic growth, have resulted in much of the aid being invested in infrastructure and welfare facilities, emphasizing technological dependence. This and the relatively benign environment of many, but not all, IMS, and reasonable accessibility, have resulted in welfare levels being somewhat higher than those in many developing countries. It is primarily in the more fragmented IMS, such as the Maldives, Comoros, Cape Verde and Kiribati, that welfare is least adequate. Though aid levels may decline they are likely to remain substantially in excess of those of larger states. Islands, once remote, are now integrated into the world political, economic and cultural system in every way.

### 1.1 Development Constraints

Recognition of the critical constraints to conventional economic development in IMS has been long-standing. Two decades ago these were summarised as, firstly, reliance on very few primary export products; secondly, a small domestic market, therefore limited industrialisation and a heavy reliance on imports; thirdly, problems of maintaining a wide range of machinery and the experts (often expatriates) to repair them; fourthly, dependence on foreign capital and; fifthly, a high and disproportionate expenditure on administration, including education and health services (Benedict, 1967:2), and high transport costs. Crudely IMS have no advantages of economies of scale (which are reduced further by fragmentation), a limited range of resources, a narrowly specialised economy, primarily based on agricultural commodities, minimal ability to influence terms of trade, dependence for key services on external institutions such as universities, regional training facilities, banking and marketing institutions, a narrow range of

local skills and problems of matching local skills and jobs (often exacerbated by a brain and skill drain), a small gross domestic product (hence problems of establishing import-substitution industries) yet alongside considerable overseas economic investment in key sectors of the economy, and especially commerce. In two decades the fundamental development constraints have neither changed nor been supplanted by substantial new advantages.

The size and isolation of IMS have also contributed to limited ecological and biological diversity and a tendency towards instability when isolation ends. In the case of atoll states, and other low islands, even the most basic resources, such as water, are limited. In 1985 as little as 20 per cent of the population of Cape Verde had access to adequate running water, and even in these cases strict rationing was in force. Malnutrition was aggravated by drought (UNCTAD 1986b:288). Rising sea levels from the 'greenhouse effect' on global climate are likely to pose a severe threat to the nations of Kiribati and Tuvalu in the years to come. Several states are prone to natural disasters (Dolman, 1984, 1985a; Diggins, 1985), and monoculture, permanent construction, coastal development and migration have increased hazard vulnerability (Tomblin, 1981; Campbell, 1984; Watts, 1984). IMS are more vulnerable to natural disasters than larger states of more diverse ecology (eg. Dupon, 1984; Lewis, 1985), particularly those resulting from droughts and cyclones, are less able to cope after disaster strikes, and sometimes less able to ameliorate or prevent such occurrences. In some IMS rising population numbers have resulted in population settlement increasing in marginal areas that are subject to flooding, as in Tuvalu (Fisk and Mellor, 1986) and even in relatively thinly populated states, including Tonga (Dillon, 1983) and the Solomon Islands, where such settlements were badly affected by Cyclone Namu in 1986. In the smallest states, or in isolated islands, the pervasive effects of natural disasters are felt not just in the physical environment but throughout the social and political system (Spillius, 1957). There is much scope for improvements in disaster relief, often externally perceived as a foreign policy issue rather than a development problem (Cijffers, 1987). Hazards can take other forms. In 1983 fire wiped out two thirds of Western Samoa's afforested area. In Sao Tome in 1979 an epidemic of swine fever killed off the national pig population resulting in meat imports rising from 20,000 kg. in 1976 to 215,000 kg. in 1979 and meat consumption falling significantly (UNCTAD, 1985:187). Such problems are more critical in IMS because of limited agricultural diversity, inadequate planning capacity and shortages of capital for reconstruction.

Transport costs and the provision of infrastructure are major constraints to development in IMS, because of long distances, even within countries, fewer economies of scale, (usually) rising oil prices and the standard IMS situation of exporting goods with low value to weight ratios. Invariably such problems are most severe in the smaller and more remote islands. Thus the Caribbean island of Montserrat could not sell high quality bananas because it grew too few to pay for good harbour facilities or to attract shippers bound by regular inter-island schedules, let alone to afford disaster insurance or agronomic expertise (Lowenthal and Comitas, 1962:205-207) to increase the volume, regularity and quality. Freight rates are usually higher for IMS because of the smaller volume of goods, lack of competition and the limited availability of return cargo, though in the Caribbean and Mediterranean IMS, such freight rates are much less disadvantageous than in the more remote IMS (UNCTAD, 1986a:7-8). Ironically these two regions are also less dependent on commodity exports than the Pacific and Indian Ocean IMS. In some cases, as in the Pacific, freight rates are subsidised, in this case through the Pacific Forum Line, supported by Australian, New Zealand and EEC aid, though the Line has run at such a loss that aid donors have occasionally threatened to discontinue their support. The IMS have also been poorly placed to benefit from growing excess capacity in ocean shipping and technological changes (UNCTAD, 1985:77). Containerisation and bulk carriers

have actually hampered exporting from IMS where the volume of trade does not justify the investment and reorganisation required to participate in these new forms of transport (Ward, 1982:187). Much the same is true of larger, wide-bodied aircraft. The result is that freight costs are a high proportion of the cost of goods in IMS; in Sao Tome from 1982-84 transport costs of imports amounted to 31 per cent of the value of imports and took up 58.5 per cent of export income. In Comoros in 1983 transport costs represented 85 per cent of the value of imports, though Comoros is on a major sea route (UNCTAD, 1986a:7). Such costs are largely a function of limited local infrastructure. It is not surprising that Brookfield (1986) has concluded that the 'transport stranglehold' is the single most important constraint to island development. The infrastructure of telephone, telex and (especially) mail services is sometimes poor, especially in fragmented IMS, though broadcasting services are particularly important in supporting rural development programmes (where extension services in agriculture and health are limited).

In a small number of IMS, notably in Melanesia, extremes of cultural and linguistic diversity are unusual problems. Vanuatu has more languages per capita than any other country in the world and this diversity is exacerbated and accentuated by the scattering of the national population over forty inhabited islands. In most fragmented IMS it is rare for there to be strong expressions of national consciousness; in Cape Verde, quite typical of many Pacific IMS, 'Cape Verdeans who know more than two islands are rare. As in all island states Cape Verde has numerous local expressions of identity' (Lesourd and Réaud-Thomas, 1987:117). Such particularisms are often only slightly reduced by the genesis of national languages. However, because of small size, a broadly single culture is often shared by the majority of occupants in IMS, though virtually none are without some ethnic, religious or cultural minority. Most IMS, even those without ethnic divisions, are too small to have strong, distinctive and adequately defined cultures but are bombarded with foreign, especially American, cultural influences through the media, tourism and so on. For example Antigua and Barbuda 'are in the New World but not fully part of it, of the Third World but mentally constituents of the First...We live in a bicycle society with Cadillac tastes' (Thorndike, 1987:97). Consequently Seers has generally concluded that 'cultural dependence is indeed more fundamental than economic as a determinant of the room to manoeuvre' (Seers, 1983:72). Rising expectations of a particular kind restrict the available range of planning decisions. It remains conventional, in some quarters, to argue that, as in the case of Western Samoa, 'traditional institutions and customs pose a problem' for development, for example in the cost of text books in local languages and the operation of a national broadcasting system (UNCTAD, 1985:183). However, where they remain viable, they may also act as a shield against inappropriate imports and too rapid change (Seers, 1977) and provide the rationale for the provision of remittances. Such cultures constitute a response to the 'anonymity of mass society' (Selwyn, 1975:11-12), may contribute to national unity, especially in the case of Tuvalu where there was 'secession in defence of identity' (Macdonald, 1975), and are often a crucial basis of reciprocity in the poorest IMS.

Though it has been argued that small size is advantageous in that small states will have greater social and political coherence, and hence be easier to administrate than larger states (Knox, 1967) there is little evidence however that this is true. Similarly the view that smallness of scale may enhance the quality of decision-making, a commonplace since the era of Rousseau and Hume, is rarely demonstrated in practice. More generally administrative costs are proportionately higher in IMS, especially those are most fragmented, because of the necessity to maintain roughly the same diversity of government functions as in larger states, and tasks are not always easily amalgamated. This is particularly true of overseas representation, hence many IMS are represented by roving and home-based

ambassadors sometimes sharing overseas facilities (Ward, 1982:188). Valuable resources for Pacific IMS are the Developing Countries Liaison Unit in New Zealand and the South Pacific Trade Commission in Sydney in their ability to seek out and develop new trade opportunities (McCabe, 1987). International agencies might usefully assist IMS by allowing such facilities to be established and maintained in other rich countries and to enable them to diversify into such activities as tourism promotion. Other administrative problems faced by IMS include shortages of specialists and technicians, for whom only overseas training is possible, who cannot always be guaranteed a job (as, for example, in the health system of Niue) hence restricting socio-economic mobility. Moreover they may also have limited demands on their time as, for example, in the Cayman Islands (Kersell, 1987) with ensuing 'under-employment'. One result of this has been an 'implicit reliance' on larger states to assist in some recurrent administrative tasks, including conducting censuses or even ameliorating the effects of natural disasters, 'hence in IMS even public administration is rarely self-contained' (Murray, 1985:196-7). Moreover because many individuals may have direct access to ministers (and senior public servants) and use informal channels of communication, such individual influence and the lack of recording of decisions make administration more liable to experience discontinuities and respond to inappropriate and unpredictable external influence (Jacobs, 1975). These differences in the public administration of IMS have sometimes led to problems where administration has actually been impeded by over-reliance on more cumbersome expatriate models which implicitly assume that administrative prescriptions can be applied irrespective of size (Hardman, 1984). In fragmented IMS public officials are often unusually isolated from their home communities and have thus tended to become 'a powerful group on the headquarter island noticeably active in safeguarding the interests of themselves and their associates as public servants' (Murray, 1985:200). On many IMS therefore this kind of bureaucratisation has contributed to large, powerful, uncontrolled but often largely inert public service systems.

Social ties in IMS are so powerful and pervasive that anonymity, impersonal role relationships and impartiality are difficult to maintain hence the public service can rarely be politically neutral (Benedict, 1966, 1967:7-8; Murray, 1985; Simmonds, 1985) and corruption is almost inescapable. Distinctive philosophies rarely distinguish political parties and governments are often shifting, unstable coalitions, 'soft-states', seeking short-term solutions rather than committed to long-term development (Diggines, 1985: 197-8), vulnerable to external political pressures and hence likely to enter into a 'special relationship' as client states of metropolitan powers. In most IMS politics are characterised by factionalism rather than party formation. In Mauritius 'political networks form on a patron-client basis, but within factions which tie personal networks to ethnic identity. Parties are merely loose agglomerations of factions, and are constituted for little more than electoral purposes' (Minogue, 1987:138). Consequently long-term decision-making is often unusually difficult and restricted to a very small number of people (cf. Hughes, 1987:151). Such issues are not new. Lewis long ago suggested that there would be political problems in IMS following independence:

In a small island of 50,000 to 100,000 people, dominated by a single political party, it is very difficult to prevent political abuse. Everybody depends on the government for something, however small, so most are reluctant to offend it. The civil servants live in fear; the police avoid unpleasantness; the trade unions are tied to the party; the newspapers depend on government advertisements; and so on. In cases where they are also corrupt, and playing with public funds, the situation becomes intolerable (Lewis, 1965:16).

This is however a 'worst-case scenario', the situation is far from intolerable in most IMS, and 'particularistic relationships' (Benedict, 1967) may be advantageous in small states in the sense that some individuals will have a wide understanding of the operation of the national political economy.

Administrative authority has shifted from public servants to politicians; 'political interest has developed in personnel matters and this has deteriorated into nepotism, pork-barrel appointments and the denial of jobs to non-supporters of the government. All of this has created a centralized and politicized bureaucracy resulting in a mass exodus of the most talented and qualified of the civil servants' (Hope, 1986:32) and reduced administrative capacity to constrain more rapacious political and economic activities. Nowhere has this been more apparent than in Caribbean states such as Antigua and Jamaica. Even in the most benign sense there has often been a 'pervasive influence of social obligations and political connections' (Hughes, 1987:142). A top-heavy bureaucracy has sometimes been inherited from colonial times. In some states the bureaucracy is more concerned with individual commercial development than administrative procedures, and may be opposed to planning decisions that threaten those commercial interests (eg. Connell, 1987d). A weak bureaucracy (with its own commercial objectives) has sometimes failed to discourage, or has even actively encouraged, corrupt practices. 'There is no doubt that small size has attracted gangster and other undesirable elements who see small islands as admirable bases for their operations. They seem able to buy the occasional politician whose 'street wisdom' is somewhat lacking' (Thorndike, 1987:110) or whose income can quickly be supplemented. Such problems are not, of course, merely the preserve of IMS. This kind of problem was apparent in Antigua where the Space Research Corporation 'laundered' arms shipments to South Africa in 1979-80, there was alleged Mafia penetration of loosely regulated casinos and banks (Thorndike, 1987:108) and aid funds were siphoned off from the recent airport construction project. Nor can IMS easily withstand illegal operations from outsiders, as in the central Pacific, where it has been difficult for small IMS to withstand fish poaching operations. Especially in the Caribbean, where the strategic location between the Americas is important, disenchantment with slow economic growth and external blandishments have contributed to the emergence of illegal economic ventures. (see also Chapter 5). The Bahamas have become a centre in the drug trade and the laundering of illegal funds from gambling (Faber, 1984); the 'hard' drug trade is now common in Caribbean territories (Gomes, 1985:xix). Similar problems have occurred in the Turks and Caicos Islands, where corruption and extreme political patronage led to the colony's constitution being suspended (Blom-Cooper, 1986), and Dominica, as 'casinos, hotel chains and hot money often held by criminal elements in metropolitan societies seize the advantages conferred by international law' (Cohen, 1983:11). Illegal ventures are often better funded and organised than IMS police forces. In the Pacific illegal ventures are more apparent than real though there have been offers of passport sales, unusual financial transactions (eg. Connell, 1980a) and some evidence of drug transshipment, though without islander participation. In Tonga, Tuvalu and Vanuatu (where secession sentiments were fostered) some private investors and corporations have come close to destroying the financial base or territorial integrity of legitimate governments. These are difficult problems for small states to tackle.

IMS are thus unusually dependent on external relations, of trade, aid, migration, loans and investment, yet are largely unable to influence those international events which affect them most critically. Indeed so open are the economies of some IMS that foreign currencies are sometimes in free circulation as, for example, in Antigua or in the British colony of Bermuda, where the US dollar is legal tender alongside the Bermudan dollar. There is therefore limited scope for exchange rate and monetary policies. Many services provided by the private sector

in larger countries are not viable in IMS hence governments either directly provide services, or subsidise private sector operators, in areas such as transport and even industrial development (Murray, 1981), hence a very high proportion of all employment is in the public sector. In the smallest IMS, such as Niue, it has proved extremely difficult to establish any private sector development, other than small trade stores. IMS economies are very open to trade and capital movements; the shares of imports and exports in the GNP are normally well above 50 per cent, much higher than in larger states. The few exceptions, such as Sao Tome, are the least developed of the IMS (Galbis, 1984:37). Restricted investment possibilities have led to a lack of success in mobilising domestic savings and hence a flight of capital. Between 1979 and 1982 in Comoros private transfers overseas from resident commercial enterprises amounted to an annual 2 billion Comoro francs, only slightly less than half the value of exports (UNCTAD, 1986b:301). Domestic prices are dominated by changes in import prices, because of the high ratio of imports to GNP in IMS. In Mauritius, for example, between 1967 and 1984, imported inflation accounted for 43 per cent (exclusive of import duties) of the overall rate of inflation (Lamusse, 1987:3; cf. Minogue, 1987:129). The combination of a large share of export goods in the GNP and the small size of the economy tends to produce a concentration of production in a few export products, where world prices are subject to considerable fluctuation. This concentration of domestic production 'exposes the economies of ministates to real shocks of an intensity unparalleled in larger countries' (Galbis, 1984:37). Small, open economies have virtually no control over their terms of trade or the conditions in which they trade; this limits the use of foreign exchange adjustments to improve the balance of payments or to insulate the national economy from destabilising external events. At independence most IMS inherited outward-looking and liberal economic systems geared to the needs and conditions prevailing in the metropolitan economies of which they formed a part (Lamusse, 1987:5). Colonial administrations had only a limited role to play, as agents of metropolitan powers, and often had less effective economic power than metropolitan private interests. Independence thus led to fundamental reappraisals of government power and responsibilities. Inadequate overseas diplomatic representation (Diggines, 1985:199-201; Espindola, 1987:70), including the inability of small IMS, such as Kiribati and Tuvalu, to afford to be represented in the United Nations, limited financial expertise and weak control of the monetary system, all hamper access to international capital markets (Commonwealth Consultative Group, 1985). IMS therefore have limited ability to adjust to changes in the international economic environment and limited scope to manage and control their domestic economy. International economic conditions prevailing in industrialised countries are rapidly transmitted to small economies through the international price system and foreign exchange policies. In some IMS, especially in the Pacific, economies are still partly characterised by limited monetisation, and agriculturally-based subsistence systems, hence a 'subsistence safety-net' (Taylor, 1987a) and an 'exit option' from inadequate cash crop prices (Rodman, 1987a, b) cushion such economies from the effects of global economic change.

Geographical constraints (soils and climate) have often limited the range of agricultural products, though colonial policy has most effectively induced the trend towards monoculture (especially of sugar, for which world demand is limited). Nowhere is this limitation more apparent than in atoll IMS such as the Maldives or Kiribati where domestic development options are naturally constrained by limited land (and sometimes lagoon) areas, and the simplicity of atoll environments (so that natural ecosystems may easily be disrupted). The IMS are price-takers; the limited range of cash crops and the small number of markets may provide a precarious economic (and ecological) base with uncertain revenues and employment levels. Foreign exchange is often in short supply. Limited domestic resources have produced heavy dependence on imports as inflationary pressure has often been high; fossil fuels are conspicuously absent, energy is a

substantial proportion of import bills and the first two global oil-shocks were severe economic blows. In 1980, for example, two-thirds of Western Samoa's foreign exchange earnings went on imported fuel (Harden, 1985:89; cf. Fisk, 1982:34; Gendron and Kristoferson, 1983). There are invariably substantial trade imbalances, most apparent in tourist economies such as Barbados and the Bahamas where invisible earnings (including aid) reduce the deficit.

It is apparent that in a number of states there is insufficient planning data for adequate development plan formation. This is particularly true of the emerging IMS of the North Pacific, Palau, the Marshall Islands and the Federated States of Micronesia, where even basic data on population is inadequate (Connell, 1987d), but also apparent in states like Kiribati, where there are no national accounts, and the Atlantic IMS. It is true also in some sectors and regions of virtually every IMS; a recent review of industrial development in the eastern Caribbean IMS observed

Information on the manufacturing sector is scarce. The extent to which the sector is helping to resolve the chronic problem of unemployment is not well known. Nor is it possible to comment knowledgeably on the contribution of the sector to technological mastery and the creation of a pool of indigenous entrepreneurs (Theophilus, 1987:10).

Such a situation occurs for the manufacturing sector in virtually every IMS. There are other 'sources of ignorance' even in larger IMS, such as Mauritius, where information that would relate spending to policy objectives is not available because those centrally involved in decision-making have no wish that it should be available and those who would benefit from a re-ordering of priorities in expenditure may have little knowledge of what is required and little political influence (Selwyn, 1984:29). In Pacific IMS, 'deficiencies in data bases can seriously increase the risk of ill-informed decisions by either aid donors or governments' (AIDAB, 1987:51) and, because of smallness, small errors in data collection and analysis are more significant than in larger states. Consequently, in many areas, the IMS are often in need of superior data collection services, better integration between statistical services and development planning and also better access to information on external economic conditions than their limited overseas representation can provide.

## 1.2 Strategic Considerations

Remote islands are now firmly part of the global political economy; 'in an age where the human being with all his talents and energy is tackling immense undertakings, making production worldwide, wresting the mastery of space and refining the means for blowing up the entire planet at one go, tiny little islands lost in the immensity of the ocean have paradoxically been thrust to the forefront of history' (Julien, 1985:10). Superficially extremely remote islands are more closely incorporated into the world system than larger states where a semblance of self-reliant development is possible. In the military sense, IMS are indefensible against serious external threats. Some of them, realistically, have thus dispensed with armed forces or external defence (Diggines, 1985:202-204) though many do not even have an adequate force to control the illegal activities of smugglers or international fishermen. Most IMS have attempted to remain non-aligned between the major powers. The problem of external defence is usually less immediate than that of internal security and the threat of 'destabilisation' engineered by an external power (Alford, 1984; Quester, 1983). Direct international intervention has been most dramatic in Grenada, but colonies like the Falkland Islands have not escaped, Papua New Guinean troops have intervened to prevent secession in Vanuatu (Shears, 1980; Beasant, 1984), mercenaries toppled the Comoros



government in 1978 (Newitt, 1984:64-67) and a similar attempt also succeeded in the Seychelles (Franda, 1982). Whether direct external intervention occurs more frequently than it does in larger states is a moot point; recent events from widely disparate regions, such as Kampuchea, Afghanistan, Chad and Nicaragua, suggest otherwise. Though 'small is dangerous' (Harden, 1985) and hence potentially vulnerable, small size and a paucity of resources ensure a primarily economic vulnerability.

The absence of military and para-military forces in most IMS has meant that transitions to power have usually been democratic, and more peaceful than in many other developing countries. Two military coups in 1987 in Fiji have however thrust another IMS into the global arena, notably in the subsequent Commonwealth Heads of Government Regional Meeting (CHOGRM) discussions in Vancouver, and demonstrate that predictions of stability can be quite wrong. Indeed one experienced Fijian commentator on Fijian affairs had recently concluded that 'it is likely...that Fiji will remain politically stable' (Sutherland, 1987:123) and Fiji Indians held similar perspectives (Lowenthal, 1987a:40-41). Yet such instability and insecurity may be no greater than in much larger states even though the external threat to domestic security is greater. Certainly the main threats to global security, worsening East-West tensions and an increase in the use of military force to resolve conflicts (Espindola, 1987), have scarcely troubled most IMS. Some Pacific IMS, such as Tonga, have even found themselves the preferred destination of European migrants from perceived future northern hemisphere nuclear catastrophes.

Isolation has given several IMS unusual strategic importance, massively contributing to the economies of dependent territories, like the Marshall Islands and French Polynesia, that are used for missile and nuclear testing respectively, but subverting nascent nationalist social and political systems. In extreme circumstances whole colonial populations have simply been removed, as in Diego Garcia (Madeley, 1985), and many parts of isolated states and colonies, including Ascension, Bermuda, Seychelles, Principe (Sao Tome) and Malta, and the whole of more remote colonial Pacific islands, most historically unpopulated, such as Johnston Island, Wake, Kwajalein and Mururoa, are given over to the military installations of superpowers. Somewhat akin to this is the manner in which both Cape Verde and Comoros sell landing rights to South African Airways, and it has been reported that the Comoros are a staging post for arms to Mozambique rebels (Griffin, 1986:527). Sal airport in Cape Verde was the main stopover for South African Airways' flights to Europe and the USA; the introduction of US sanctions against South Africa ended SAA flights and cost Cape Verde \$US6 million, whilst also imposing high costs on Cape Verde migrants in USA, who had previously used those flights, and preventing a stopover tourist trade (The Courier, 10 January 1988, p.20). Even more isolated Mauritius has been a transshipment centre for South Africa's exports to Africa, especially to Madagascar (Paul, 1987:22), is a stopover for SAA's routes to Asia and also a transshipment point for drugs to Réunion and onwards to France. Though, as in Palau, some kinds of rental income have sometimes been resisted (Clark and Roff, 1984), more commonly income from strategic land rentals has been welcome, and in a crude economic sense the global nature of superpower rivalry has transformed some remote islands and colonies.

The few advantages of remoteness have been considered to include military and strategic uses, alongside fuel and chemical storage, quarantine, incarceration of offenders and gene pool conservation (Wace, 1980) though for whom these are advantages starkly highlights the problems of IMS powerlessness. It is true however that very exceptionally, as in the eastern islands of Fiji where isolation enabled the Lau group of islands to escape the ravages of the 1918-19 influenza pandemic (Ward, 1982:182), isolation has obvious advantages. Isolation has not

however prevented substantial changes to the ecological structure of islands such as Easter Island (Rapanui). Where a degree of isolation is combined with rich-world perceptions of strategic location and global insecurity, then military bases are virtually certain to be developed. This is particularly true of northern Pacific islands such as Guam, the Northern Marianas and the Marshall Islands, where high income levels could only have resulted from the presence of American military forces and testing ranges. The disadvantages here are readily apparent: radiation diseases in the Marshall Islands and slow progress towards a degree of independence in Palau through Palauan reluctance to reject nuclear-free provisions in the constitution and American unwillingness to grant Free Association, and hence development assistance, without that provision. Isolated islands, such as Bermuda, are important military bases. Diego Garcia has been depopulated to become an American military base though remaining a British colony (Madeley, 1985), and the unpopulated island of Ascension has been similarly transformed. Though Mauritius has sought to regain sovereignty over Diego Garcia, Mauritius currently provides labour and supplies to the island, contributing substantially to incomes and to an increase in Mauritian exports to the USA from \$US 28 million in 1983 to \$US 112 million in 1986. As in the northern Pacific there are financial advantages from strategic location. Antigua receives an annual rental, valued at US\$4.2 million since 1977, from the presence of a US military base that is also used for training regional security forces, particularly in coastguard protection and drug traffic control (Thorndike, 1987:100). There are other direct benefits from the rent of military facilities. In Bermuda, for example, the US armed forces provide meteorological services, maintain the airport and carry out sea rescues, at no cost to the local economy (Dommen and Lebalé, 1986:3). In New Caledonia the French armed forces have constructed roads and bridges, although this has been opposed by many of the local population (Connell, 1987e). Such activities usually only occur in dependent territories. Though the overseas military presence in all IMS is not without disadvantages, some more theoretical than real, there are substantial financial advantages to this presence which, in areas like Micronesia, could not otherwise be achieved. Future technological developments in military sophistication do not suggest that these financial advantages will quickly be lost.

Minimal domestic IMS military strength has increased metropolitan fears over security and 'instability' in regions of perceived strategic significance rather than concern over the aspirations and legitimate diplomatic and trading ties of small states. Thus in the Caribbean, in the aftermath of the invasion of Grenada, 'American considerations about a security policy for the region have originated primarily in reaction to perceived threats; they have so far failed to concentrate on the needs and aspirations of the governments of the area' (Harden, 1985:149) and policies have been discriminating and divisive. Similar perceptions have posed problems in the Indian Ocean (Kapur, 1986) and most recently in the Pacific, with the Soviet Union's growing interest in the region, capable of being perceived in quite different ways (Howard, 1986; Herr, 1986; Neemia, 1986a), alongside an unwarranted fear of New Caledonia becoming an independent socialist Kanaky (Connell, 1987a) and massive concern over the leasing of Vanuatu's EEZ to Soviet Union fishing vessels. In almost every case IMS have been pawns in superpower rivalries, sometimes as beneficiaries, sometimes as victims, but never as principal actors. This is well illustrated in the case of the 'nuclear nomads' of Bikini, in the Marshall Islands, whose atoll home was used for nuclear bomb tests: 'The fate of the Bikinians, wealthy beyond belief, thanks to the nuclear guilt of successive American congresses, yet miserable in alien refuges after forty years, reminds us how crucial are the ties between particular lands and particular lives' (Lowenthal, 1985b:22; cf. Kiste, 1974). Much the same is true of Dipto Garcians now in Mauritius. Even apparently benign installations, such as the American satellite tracking station in the Seychelles and the new Japanese satellite tracking station on Christmas Island (Kiribati), may not be

without future development problems. Yet with the possible exception of the Atlantic, the Caribbean, Indian and Pacific Oceans have increasingly become arenas of international competition between regional and super-powers.

The American invasion of Grenada in October 1983 suggested to some that this was 'the moment when the problem posed by small states within the international political system returned to the prominent position in world affairs which it currently occupies' (Clarke and Payne, 1987:vii). Though this event, and the earlier war in the Falkland Islands, demonstrated how small states could generate global discussion, it does not necessarily follow that IMS are actually more insecure than larger states. Most have security pacts and treaties with larger powers, as in Malta, where NATO membership was argued to constitute defence and security (Craig, 1987:174). However Cyprus is the only European country to be invaded in recent times (by a NATO member) suggesting that 'small countries are discounted and used by the superpowers in the pursuit of their own interests' (Anthias, 1987:184). Yet this is an exceptional case. More generally, as in the case of Diego Garcia, once part of the British colony of Mauritius, but lost to it at independence:

Diego Garcia illustrates to some extent the inability of small states to defend their interests, and even their territory, in the face of irresistible 'big power' pressures, but it also shows how strategic issues linked to global cold war politics can be used by small states to lever aid and other types of support out of richer patrons (Minogue, 1987:136).

Except in the eastern Atlantic the past two decades have witnessed a striking increase in the strategic significance of IMS, as in the case of Australian strategic interests in the Pacific region (Jackson Report, 1984:170). In Grenada and elsewhere this has contributed to external intervention in domestic politics, and in a wide range of IMS has resulted in substantial increases in overseas development assistance, following some military concessions from IMS, entrenching the increasingly rentier status of IMS, 'provided that they conform to the ideology of the superpowers in whose sphere of influence they are located' (Clarke, 1987:93). Military dependence is at some, often considerable, political cost, as in the emerging states of the north Pacific, where the Compact of Free Association with the USA precludes either trade or defence treaties with the Soviet Union (Connell, 1987d), but there are economic advantages from strategic location. It will be crucial, in the future, for small island developing countries to take the greatest possible economic advantage from their growing strategic significance but the social costs may, occasionally, prove equally great. In the small and isolated Micronesian islands, it has been argued by Micronesian leaders 'that the islands' location was their principle resource and that in forsaking unilateral control over them they would not only be denying Micronesian sovereignty but giving up their children's birthright as well' (Petersen, f1986:9). The structure of development and dependence is a fundamental political and social issue.

## 2. SELF-RELIANCE AND INTERDEPENDENCE

It was widely assumed that the post-war era of decolonisation would draw to a halt long before all colonies became independent since many were simply too small (Fieldhouse, 1982:411). Even though a decade ago Schaffer recorded that 'independence may have got to the Maldives and the Gambia but there are others waiting in the lobbies' (1975:30; cf. de Smith, 1970) the era of decolonisation was almost over. It was generally thought that the remaining dependent territories had little to contribute to a knowledge of the decolonisation process, and that their main aim should be the avoidance of mistakes made elsewhere (Hart, 1974:8). The traditional criteria for statehood have specified the need for a permanent population, a defined territory, a government and the capacity to enter into international relations with other states (Harden, 1985:51). Size has never been a criterion and, as decolonisation proceeded, smaller and smaller states became independent, culminating in the independence of Tuvalu in 1978, then with a population of about 7500. In this exceptional case, the demand for independence was couched in cultural terms (Macdonald, 1975) though there were clear economic benefits from a separate independence, rather than continuing in association with Kiribati (the Gilbert Islands). Colonies of similar size have rarely sought independence.

Few remaining colonies have significant independence movements. With the exception of Namibia and separatist movements within states (as in Eritrea and Irian Jaya), what may be the last remaining independence struggle is currently being waged in New Caledonia (Connell, 1987a). Elsewhere colonies have either not challenged their dependent status, as in most of the remaining British outposts of empire (Winchester, 1985), including the wealthy colony of Bermuda (Connell, 1987f), and the French 'confettis of empire' (Guillebaud, 1976) or have negotiated firm ties of association with colonial powers, such as the ties between New Zealand, the Cook Islands and Niue and between the USA and Guam, the Virgin Islands, and Puerto Rico. As is the case of the French 'consumer colonies' (Ormerod, 1981) in the Caribbean, and in the Northern Marianas, some colonies have established extremely strong metropolitan constitutional ties giving them a legal status virtually indistinguishable from that of contiguous parts of the relevant metropolitan state. Moreover it is argued in French overseas departments such as Réunion that 'for the old colonies that have become departments integration is a means of decolonisation just as much as independence for those who have chosen that' (Ramassamy, 1987:8). In territories like Wallis and Futuna, where imports are valued at a thousand times exports, and there is a situation of 'total dependency' (Rensch, 1983), independence can promise little. Moreover 'in the same way that independence does not necessarily return power to the grassroots, decolonisation does not necessarily terminate the former colonial regime's control over a new nation' (Petersen, 1986:5). Not surprisingly, as in Anguilla, Gibraltar and the Falkland Islands, colonies have often resisted perceived or real threats to their dependent colonial status. Such choices demonstrate that independence is not the only option in asserting self-determination, but that free association or closer integration is also a possibility. Thus a number of colonial states have freely chosen a relationship of interdependence, primarily because of direct economic benefits and the possibility of unconstrained migration, rather than choosing to move towards an inevitably more certain political, and almost certainly economic, self-reliance. Independence is not the only option in asserting self-determination.

In independent IMS, most of which have been independent for less than two decades, post-independence development strategies have been evolutionary rather than revolutionary, usually stressing the limited objectives of a more self-reliant approach through the development of domestic resources: agriculture, fisheries and, where possible, minerals. Subsequently, as domestic development stagnated,

greater stress has been attached to tertiary sector activities, primarily tourism but, more recently, international finance centres. Increasing orientation towards the tertiary sector has diversified development and directed the economies of IMS towards services that are in greater demand in the richer world, where incomes rise and food mountains grow. Transnational corporations (TNCs) once feared, are more widely welcomed, because of their promise of economic growth and employment. Diversity has increased but IMS have become more dependent on overseas resources (especially aid, loans and remittances) and hence more vulnerable to international recessions. Though seabed resources in Exclusive Economic Zones (EEZs) suggest future economic potential, such resources are largely unproven, beyond contemporary exploitative skills and are likely to require expensive imported technology (Dolman, 1985b; see Chapter 6). The isolation of several states, especially in the Indian and Pacific Oceans, has given them particular strategic importance, though those islands of greatest strategic importance remain colonies, notably the British Indian Ocean Territory (including Diego Garcia), created as recently as 1985, and several territories in the Atlantic and Pacific Oceans. Other small states derive some income and employment from hosting the strategic installations of some metropolitan powers (and strategic denial to others) and, in associated states like the Marshall Islands, are now extremely dependent on this rental income.

More tenuous historic colonial interests in the island states (for settler colonialism, the establishment of plantations, mining and trade) on behalf of 'traditional' colonial nations, such as UK and France, have given way to a more demanding economic intervention, through global corporations, the exploitation of non-renewable natural resources (especially fisheries), and the further extension of strategic interests. The growing diversity of nations with global economic interests has given ocean regions greater strategic significance, resulting in pressures for military bases and a parallel expansion in aid distribution. The IMS, even in the remote Pacific, are part of an international economy, and economies once oriented almost solely to agriculture, are now vastly more complex and externally oriented (Daly and Connell, 1987). At the start of the 1980s global economic problems were causing problems for all states, and especially the IMS that were dependent on foreign exchange from export-earnings, concessional capital flows and overseas remittances. In these economic changes the IMS of the Caribbean and the Indian Ocean have broadly established trends later followed in the Pacific; in every case the post-independence era has witnessed greater attempts to achieve diversification.

Incorporation into a wider arena is symbolised in the extending domination of island media, press, radio and television, by the media of the metropolitan world, nowhere more marked than in the rapid emergence of videos and television. The heralded achievements of educational television in LDCs have generally proved illusory and the cultural transformation of television has tended to be rapid, and widely regarded as negative (Thomas, 1984; Gould and Lyew-Awee, 1985) alongside the proliferation of other modern media, including cinema, video, records and radio (Peet, 1980). The media have raised expectations yet, through commodity advertising, diverted the resources available to satisfy them. So pervasive was television in Guam that, 'not only does it make us feel homesick for places we have never been, it gives us the uneasy feeling that what we experience daily is abnormal' (Underwood, 1985:171); emigration has followed. In the Pacific traditional cultures remain more vibrant and in the Caribbean a counter-balance to cultural domination has emerged in Rastafarianism (though even this is oriented to Africa), reggae (and now Zouk and Soka), and Creole, symptomatic of wide-ranging cultural changes, notably in education, that have legitimised a new consciousness (Henry, 1985) and marginalised those excluded by official English and French language education systems (cf. Searle, 1984). Island cultures are as fragile as their economies and ecosystems.

The past decade, especially in the once isolated Pacific, has been a period of unprecedented political and economic change, the latter especially concentrated in capital cities, with localisation and the emergence of indigenous elites and bureaucracies. Increasing urbanisation has become almost universal, even in the smallest IMS, like Tuvalu and Kiribati (Connell, 1985) where the rates of urbanisation are as rapid as anywhere in the Third World. Although there is no inherent reason for this to be so many IMS, especially in the Caribbean, are also characterised by rapid population growth, high population densities, low agricultural productivity and unequal land distribution, high unemployment and underemployment, lack of real economic growth, high rates of inflation and relatively large foreign debts (Marshall, 1982:452). Prospects of a more self-reliant form of economic development are minimal. Increased self-reliance is likely now to effectively only be imposed from outside. Moreover where IMS have adopted more autarchic policies, as in Sao Tome, this has not led to sustained development. Growing and uneven international ties severely constrain development policy formation.

Small size and belated independence, though delaying the evolution of democracy and occasionally stifling tiny nationalist movements, have also hindered the emergence of radical political movements. IMS have been characteristically conservative, nowhere more so than in the Pacific, where even Melanesian 'socialism' has proved more illusory than real (Howard, 1983; Premdas, 1987a, 1987b); similarly Cape Verde and Sao Tome have long had rhetorically socialist governments that have practiced little. The single important exception was the existence of the People's Revolutionary Government (PRG) in Grenada from 1979 to 1983, hence the variety of interpretations of the achievements and failures of the PRG are enormous (Maingot, 1986), even though the public sector was not given the primacy that might have been expected under socialism. Many positive accounts initially stress the iniquities of the previous government and emphasize broad economic achievements, such as the provision of credit to small farmers and fishermen, a food marketing board that reduced food imports and slowed inflation, and the implementation of a land reform law (Sunshine, 1985; Brierley, 1985a). The creating of a state sector, operating mainly for public utilities, but incorporating some hotels, a sugar factory and state farms, was less obviously successful (O'Shaughnessy, 1984; Thorndike, 1985:88). The PRG state also monopolised the import of certain basic goods, including some foods (rice, sugar and flour) and fertilizer, uncritically introduced technology from socialist states (Thompson, 1985:128-9) and attempted to expand the airport, to increase tourism, with Cuban technical and financial aid. The PRG provided free education through to the high schools, and free medical and dental care (O'Keefe *et al.*, 1984) and achieved some decentralisation of decision-making (Thorndike, 1984) but without enabling pluralism and dissent (Maingot, 1986). Though evidence on any improvement in the employment situation is ambivalent (World Bank, 1985; Archer, 1985b) Grenada was one of the few IMS to achieve sustained economic growth in this difficult time period. There was less ambivalence over the success of social development programmes; education received high priority and the emphasis of the health programme became preventative rather than curative. However social and economic achievements were marred for many by repression of those considered to be against the revolution (Thorndike, 1985:108-117). Though Brierley suggests that 'perhaps no nation in Caribbean history advanced so rapidly and effectively on such a variety of social and economic issues in less time than Grenada did under Bishop and the PRG' (Brierley, 1985b:51), the brevity and incompleteness of the revolutionary transformation prevents widespread acceptance of this conclusion. The transformation was effectively ended by the US invasion and a more conservative government followed. Though the conclusion that 'in the heightened cold-war tension of today's Caribbean some countries are too small for successful revolutions' (Momsen, 1984:150) may be too

peremptory (cf. Stone, 1985:20), the general conservatism of IMS, in a global system where negotiation but not control is possible, emphasizes the relative powerlessness of small states. Small size is a powerful constraint on national policies.

The unusual case of Grenada demonstrates both the extraordinary difficulty of breaking away from conventional trajectories of dependent development and the extent to which achieving a greater degree of self-reliance is fraught with problems (cf. Thompson, 1985:123-5). It does not however demonstrate that some form of socialism is impossible in IMS. There have been arguments for successful socialist development strategies in other IMS (Davidson, 1987), but Thorndike's (1985) analysis of the constraints to socialism in Grenada demonstrate the problems. Rapidly rising expectations have fostered uncertainties, even where economic growth has occurred. In Seychelles, 'people had participated in higher standards, but they have been shown standards that were higher still and that they could not attain. Absolutely, their conditions had improved; relatively they had not. Some people had prospered, but the majority of the poorer people had not' (Benedict and Benedict, 1982:104). Overseas ties, and especially remittances, have threatened IMS by, as the Prime Minister of Cape Verde has remarked, 'creating illusory needs that are impossible to satisfy within the country's means' (quoted by Meintel, 1983:159; cf. Wallman, 1977:111). The economics of greater self-reliance are considered further below. Self-reliance entails a more selective approach to external influences of all kinds. In keeping with this orientation is the idea that factors that were previously regarded as 'obstacles' to development, such as nationalism, a separate language, traditional customs and so on, appear now rather as shields against the expense and inappropriateness of modern consumption styles and technologies (Seers, 1977); this would inevitably reduce monetary incomes and restrict some forms of consumption. To withdraw from the obligations involved in such activities as paying taxes and school fees and participating in feasts would demand considerable sacrifices. In most IMS, even those least involved in the global economy movement towards the self-sufficiency that reduction of migration and remittances implies would be difficult and painful; in many places aspirations are firmly directed towards the acquisition of modern goods and, as has been argued for the small Pacific island of Rotuma, 'with the prestige given to "foreign" goods, it is doubtful, therefore that Rotumans would want to be self-sufficient, even if that were a possibility' (Plant, 1977:174). The same kind of situation exists elsewhere; in Tikopia in the Solomon Islands 'from such a level of dependence on imported goods it becomes difficult to retreat without unease and a sense of deprivation' (Firth, 1971:69), and in Pohnpei (Ponape) too, at the centre of the Federated States of Micronesia, villagers are not interested in adequate subsistence, nor even 'the right to subsistence' but rather they desire 'continued and increased access to the goods and prestige provided by employment' (Petersen, 1979:37). More generally 'it would only be by accepting primitive standards of development for all the people that autarky could be made in any way practicable' (Payne, 1987:56). These specific values from different parts of the Pacific alone, where modernity is least apparent, are exceptionally widespread and attest to the very serious problems attached to even marginal movements towards self-reliance. In the Caribbean much the same is true and where a greater degree of self-reliance has involuntarily occurred, as in post-war Antigua, 'economic and psychological depression set in' (Thorndike, 1987:98). This may not be the case in much larger states where the cutting of ties with the outside world may actually contribute to development though, even then, countries 'may have to be saved in spite of themselves' (Payer, 1975:186). Not surprisingly then the self-sufficiency and economic nationalism, that continues to be widely recommended as a solution to dependence, or even 'collective self-reliance', are steadily being eroded. At the same time the alternative, a more adequate interdependence (for example through better terms of trade for Third World produce or more employment opportunities



in the rich world), is no more likely. The uneasy imbalance between these conflicting alternatives, disengagement or incorporation (Townsend, 1980), merely strengthens dependence and integration. IMS are often faced with different prescriptions for success from overseas consultants and agencies and have limited skills to assess the merits of different proposals. Moreover in many IMS national development planning is an extremely recent innovation. The first Development Plan for the Comoros was not prepared until 1983, hence both the philosophy and practice of national development, in any form, are innovatory. Policies tend to be cautious and conservative.

Some IMS, notably Sao Tome (with its dependence on cocoa), are both so specialised and so oriented to external markets that the prospect of significant movement towards greater self-reliance is extremely improbable and could not be achieved without very great and unwelcome costs. Many of the changes that would be required to achieve greater self-reliance are inherently difficult and, paradoxically, require external assistance. In Sao Tome, for example, the President has observed that, 'the country depends virtually entirely on cocoa, as more than 80 per cent of our export earnings come from it. If we wish to stop being dependent on cocoa, than we have to produce more of it. That is vital' (quoted in The Courier, 85 May-June 1984, p.37). More generally as the former President of one small Pacific IMS, Palau, has stated: 'we will have to use dependency to achieve self-sufficiency' (quoted in Connell, 1986a:56). This has not prevented even the most exceptionally dependent possessions, such as the Northern Marianas, rhetorically claiming that self-reliance is a critical element in development policy (Connell, 1987g). Moreover it is important to note that although there is a tradition of self-reliance in the relatively recent past in what are now Pacific IMS, this was often illusory in the sense that there was significant trade, hazards persistently threatened homeostasis, social controls were sometimes repressive, and levels of health and nutrition were sometimes low. Images of an idyllic past are often largely erroneous (Dennett and Connell, 1988; Connell, 1983b:37). Whilst incorporation in the international socio-economic system has not been without costs, sometimes substantial, the prospects of significant withdrawal are minimal.

Self-reliance is slipping away from IMS as residents demand more imported goods, welfare support, commodity price subsidies, higher wages and so on; that is, they demand comparability with more distant places. Even in much larger countries attempts to achieve self-reliance often appear no more than reflections of the aspirations that must suffice if growth cannot easily be achieved. The problems involved in changing the whole trajectory of development are more than apparent. It is improbable that most IMS can ever achieve a significant degree of self-reliance (unless they discover new sources of oil or mineral wealth), yet all are capable of moving away from the present massive dependence on aid and all have some room to manoeuvre should they wish to do so. The elements of such a policy redirection are clear: agricultural development policies that stress diversification and food crop production (whilst simultaneously encouraging the extension of new varieties and replanting schemes, to ensure some necessary cash income); increasing concentration on the exploitation and development of marine resources which are one base of both export growth and improved nutrition; transport and energy policies that move away from the use of non-renewable resources (and may incorporate differential pricing); job decentralisation and allocation, perhaps along Kiribati lines (Connell, 1983a) improving infrastructure (wharfs, aid posts, etc.); increased emphasis on family planning, and so on. Self-reliance then entails reducing dependence on imported 'necessities' including foods, oil products, capital equipment and also expertise; this involves changing consumption patterns as well as increasing local productive capacity. Policies would be needed to change living styles at given income levels - using taxes, price policies, advertising and perhaps rationing (Seers, 1977). There are also issues of



cultural self-reliance and, as the problems of developing appropriate education systems demonstrate, the overall task is enormous. Tuvalu, for example, has a new and relatively well-developed community vocational training programme which involves courses on nutrition, child care, handicrafts, gardening and animal husbandry. However, as elsewhere, there is parental opposition to vocational education and demands for the expansion of academic secondary education to enable children to qualify and compete for the small proportion of jobs (perhaps 20 per cent) that require secondary education (Connell, 1983b; see also Chapter 4 below). If the inhabitants of IMS demand more academic education, alongside wage-employment and the material benefits of modern industrial-type development, as their expectations rise alongside those of other islanders, and this is the present trajectory of development, then political policies that simply advocate greater self-reliance are doomed to failure.

In the mid-eighteenth century in the Caribbean, Atlantic and Indian Oceans the present IMS had almost invariably become plantation economies, exporting commodities (principally sugar) and heavily dependent on imports. The Pacific states followed a century later. This was the 'pure plantation economy' where:

the economy consists more or less entirely of plantations and the plantation activity accounts for virtually all economic activity. The Caribbean is, therefore, nothing more than the locus of production in a triangular system of trade and production in which the locus of initiative is the metropole, and the locus of control is the merchants (Girvan, 1973:17).

Economies were already exceptionally open, highly unequal and oriented to the centralised control of colonial powers. In the present century, economies have become even more open; subsistence oriented agricultural systems have sometimes disintegrated (eg. Frucht, 1968; Marshall, 1982) and despite a post-independence plea for self-reliance, even a movement towards fiscal self-reliance has remained more rhetoric than reality. It is now more likely to be the diversity and strength of external ties (whether for trade, aid, tourism or whatever) that are the greatest contributors to domestic economic growth and development rather than the food production systems that were so crucial in the past. The former Tuvalu Minister of Finance, and now director of the South Pacific Bureau for Economic Cooperation (SPEC), Henry Naisali, has expressed his doubts on the economic future of Tuvalu: 'Viability? Never. It's no use pretending we can be, although I hope someone will find a better solution to our future than what I see at the moment. Foreign investments? Honestly I don't see any foreign corporation investing in Tuvalu' (quoted in Connell, 1985:472). In a now well-known statement, the former President of Grenada, Eric Gairy, when questioned on how Grenada could afford independence, responded 'Grenada will not support independence. Independence will support Grenada'. Global strategic changes have emphasized external links and, for many IMS, 'heavy dependence on foreign aid seems to be unavoidable if living conditions are to be maintained at tolerable levels. In the longer term the only meaningful course (leaving out emigration) against the threat of low-level poverty calls for further population control and measures to restrain material aspirations to levels that can be sustained without undue dependency on international charity' (Fairbairn, 1985:57). Since neither of the last two choices appear likely to be taken then neither emigration nor aid can be ruled out as clear choices. In short the future of IMS is increasingly one of interdependence with the global economy. Though self-reliance will continue to be emphasized in development plans, and is an important strategy for food production in many IMS, the key elements to domestic economic growth are increasingly to be found outside the IMS.

### 3. POPULATION, HEALTH AND EMPLOYMENT

With few exceptions populations of IMS are now as large as they have ever been and despite recent declines in fertility, growth rates usually remain at high levels (Caldwell *et al.*, 1980). A small number of countries that are just entering into the demographic transition, such as those in Melanesia (Vanuatu and the Solomon Islands) and the Comoros (Newitt, 1984:120), have annual growth rates of over 3 per cent. In the Comoros and also the Maldives high population growth rates are influenced by poverty and Islamic culture (Caldwell *et al.*, 1980:959). However in most IMS high rates of natural increase are effectively siphoned off by emigration, which is widely regarded as a safety-valve. IMS are thus usually different from much of the Third World in having low death rates, lower birth rates and much higher emigration rates (Caldwell *et al.*, 1980). Most IMS have responded to high fertility levels with family planning policies and programmes but, in recent years, these have lost their impetus, even in countries like Kiribati and Fiji that were once held up as models of successful family planning programmes (eg. Connell, 1987c). In some countries (eg. Vanuatu and the Solomon Islands) family planning programmes are widely regarded as unacceptable though Vanuatu, with the South Pacific regions highest birth rate (45 per 1000) and highest population growth rate (3.9 per cent) has recently supported population workshops and seminars, though there was no mention of population control in the 1982 National Plan. By contrast Barbados has had substantial success and a small-family notion is more common elsewhere in the Caribbean than in the Pacific (Brookfield, 1984:155; Cleland and Singh, 1980). Although there is vastly more information available on trends in fertility and family planning in the Caribbean, which demonstrates that the fertility decline is widespread, the actual explanations for this decline are lacking; moreover 'past fertility decline provides a hazardous basis for predicting future fertility levels' (Guengant, 1985:64a). Mauritius has also had a successful family planning programme (Minogue, 1987:27); though this may correlate with economic growth that is relatively evenly shared, as in the Newly Industrialising States of south-east Asia, there appears to be no detailed appraisal of the reasons for Mauritian success. In states like the Marshall Islands and the Seychelles (Pedersen, 1987), where adoption is common, high fertility rates have been maintained. Overall natural increase is substantially greater in the Pacific IMS, and, in some places, is increasing (see Chapter 4). Available evidence suggests that high population growth rates may reduce the quality of life in IMS (Ahlburg, 1987). Though the influence of population on economic growth is limited in IMS, where achieving economic growth is already difficult and most economies of scale impossible to achieve without very much larger populations, the arguments against rapid population growth are likely to be stronger. The need for new initiatives is increasingly apparent but these are unlikely to be successful without economic development with equity. Consequently, in the Pacific IMS especially, future population growth rates are likely to be high.

Good information on mortality in most IMS is limited, though it is apparent that mortality rates in colonies are lower than those in independent states (Caldwell *et al.*, 1980:957). Health conditions in IMS are extremely variable although, in general, health conditions and services are least adequate in those IMS that are classified as Least Developed Countries, notably Cape Verde, the Comoros and the Maldives. In almost all IMS mortality rates have fallen substantially in the past two decades and, even in the Pacific, overall death rates are at or below the world average (Ahlburg, 1986:26). Higher life expectancies have followed a drop in infant mortality associated with an epidemiological transition from infectious and parasitic diseases (acute respiratory infections, malaria, diarrhoea) to chronic non-communicable diseases (cardiovascular diseases and cancer); this transition is most developed in the Caribbean (eg. Halberstein and Davies, 1979) and least developed in IMS like Vanuatu, the Solomon Islands (Bloom, 1986) and the

Comoros. However in some contexts levels of welfare are neither adequate nor improving; for example, in Melanesia, there is currently a resurgence of malaria, in part because of the limited allocation of resources to preventive measures. In the past decade cholera epidemics have claimed many lives in both Truk (Federated States of Micronesia) and Kiribati. In terms of nutrition, in Kiribati recent figures suggest that more than 10 per cent of pre-school children are malnourished and 'night-blindness' has become widespread in Tarawa (Connell, 1985). More generally however nutrition problems have also increasingly become those of affluence and unequal distribution, rather than scarcity, especially where there is high dependence on imports (McIntosh and Manchew, 1985; Coyne, 1984). The major nutritional problems in IMS are protein-energy malnutrition, anaemia and obesity, alongside related diseases such as diabetes and hypertension and a disturbing increase in suicide in several IMS including Western Samoa (Macpherson and Macpherson, 1987) and parts of the Federated States of Micronesia (Rubinstein, 1983; Hezel, 1984, 1987). Various suggestions have been made to reduce these problems (Commonwealth Secretariat, 1980; Coyne, 1984; Bloom, 1986) but these are invariably educational rather than economic. There is rarely starvation of the kind found in parts of Sub-Saharan Africa, though Cape Verde and the Comoros have experienced severe food shortages and Cape Verde is one of the few IMS to have received significant food aid. Where data are available there is evidence that the health sector is underfunded and that the limited funds expended on health are overwhelmingly concentrated in urban areas (Bloom, 1986:39). Though there is widespread official commitment to the principles of primary health care (PHC) the Pacific IMS have been largely unsuccessful in applying such principles (Newell, 1983). In Western Samoa, for example, there has been stagnation of community-based health programmes, through professionalisation and bureaucratisation of national health services (and the ritualisation of certain key practices by rural women), which has led to greater dependence on curative medical services and the loss of clearly defined roles for women's institutions in the PHC area (Schoeffel, 1984). Improvements in health management, planning and financing are necessary to ensure the more efficient use of meagre resources in the face of sometimes severe health problems, and further concentration on Primary Health Care and family planning, in both of which areas the greater use of women can be effective, will be important but difficult to achieve.

Educational standards and qualifications vary substantially, although in most IMS primary education is almost universal. Once again, this is not true in those IMS that are LDCs and educational problems are particularly severe in Indian and Atlantic Ocean IMS. In Comoros only 19 per cent of primary school teachers have received training, and books and stationery are often unavailable. In Cape Verde, in 1982, though primary school enrolment reached 80 per cent of the target population, the shift system meant that education was limited to two and half hours a day (UNCTAD, 1986b:106), and broadly the same is true of Comoros and Sao Tome. Education is primarily based on the 'western' model and often is in English; good 'appropriate' education is rare and rejected by most parents. The genesis of this problem is discussed elsewhere (Bennell and Oxenham, 1983). The Maldives may therefore be exceptional, not only in the fact that fisheries has become a compulsory subject on school syllabuses, but that there is also an annual Fisheries Day. Elsewhere agriculture and fisheries tend to languish in educational curricula. However the imbalance and tension between imported and local ideas and resources, and the 'cultural cringe', also besets much larger countries (Davies, 1985:144-5) and places secondary and tertiary educational institutions especially at one remove from the society of which they are part. Non-formal education is only exceptionally successful and then only for a minority (Wang, 1985) and much non-formal education is irrelevant to local circumstances, presented in incomprehensible language and disregards gender roles (Thomas and Hill, 1987). Secondary and tertiary education is usually centralised (and sometimes overseas)

and the 'diploma disease' is emergent, nowhere more so than in Micronesia (Connell, 1987d). This has occurred despite the view both that education has played a key role in fostering discontent with rural life, and that as in the Solomon Islands, 'the expansion of academic secondary education would be futile unless this is required to meet the country's high level manpower needs' (Bennell and Oxenham, 1983:20-21). In many IMS, including the outer islands of Tuvalu, children hope and expect to work off the island and their parents assume that they will be better suited to participate in off-island employment than they themselves, attitudes emphasized by a school system that stresses education for employment (Chambers, 1984:177). Nonetheless there is usually a serious shortage of skilled workers hence one report on Pacific island states has suggested that 'in the short-term less skill-intensive patterns of social and economic development should be planned' (Jackson Report, 1984:165). However the limited number of highly-trained individuals, means that 'the lack of negotiating experience on the country's side makes for exploitative situations' (Blazic-Metzner and Hughes, 1982:94). The simultaneous objectives of providing education appropriate to both a future rural workforce and the need for a small but highly-skilled workforce have proved challenging. Higher education levels are correlated with lower population growth rates.

Along with changes in fertility and mortality there have also been changes in the spatial distribution of IMS populations. It is no longer possible to regard islanders as solely rural people; only in the very smallest states (all of which have large urban populations elsewhere) are less than a quarter of the population living in towns or cities. In most cases urbanisation is a result of the rapid postwar and post-independence expansion in government activity and spending, the consequent boom in well-paid, secure, bureaucratic job opportunities, primarily for the educated elite and skilled workers, and the resultant growth in service employment. Migration initially played the most important part in contributing to urban growth (Cross, 1979) though natural increase is of growing significance (eg. Hope, 1986). Although economic motives are dominant in migration, access to services, especially education and health, have also been critical influences; services are overwhelmingly concentrated at the centre, and especially in the primate city. Only in the larger, fragmented IMS is there any alternative to extreme urban primacy, emphasized and exacerbated by the peripheral, coastal location of colonial cities.

Circular or return migration is becoming of less relative importance and much rural-urban migration is permanent or at least long-term. As children are born in town this permanence is enhanced whilst increasingly migrants are preferring urban life to rural life. In this way the towns of the Pacific IMS are becoming more like those of other IMS, as a second (and even third) generation of urban dwellers emerges with, at best, only tenuous ties with rural areas. This is significant, not merely for the breakdown of traditional social organisation that it implies, but because it effectively ensures that, short of learning unknown agricultural techniques (and sometimes languages) and gaining access to increasingly scarce rural land, these second-generation migrants are essentially destined to remain (and raise families) in urban areas. The implication of this is growing unemployment among those who are effectively permanent urban residents; the most visible evidence is the growth of shantytowns (or squatter settlements), where migrants contribute to their own economic and social welfare through self-help in the provision and improvement of housing. Moreover as their employment and welfare needs are so much more visible than those of a dispersed rural population, and their ability to organise and influence politicians so much greater, policies have increasingly focused on the urban poor rather than the rural poor. This is part of the nature of emerging urban bias.

A consensus over inexorable, inevitable and apparently irreversible urban growth in most IMS has necessarily limited any approach to development policies that might have slowed migration and hence urbanisation, a situation in keeping with a period when urbanisation, and accompanying industrial development, were seen as important and essential development strategies (cf. Connell and Curtain, 1982). The past two decades have demonstrated that whilst some industrial development is possible in the larger towns, urban economic development and employment have failed to keep pace with the rate of urbanisation so that social problems have multiplied. Consequently in recent years greater attention has been directed towards rural development and hence to reversing the direction of population migration, especially in the Pacific where the principal exported goods continue to come from rural areas, tourism is less well-established and the expansion of manufacturing will be extremely limited in the foreseeable future (Connell, 1987h). Although development policies which favour the rural sector may slow migration, reduce the rate of urbanisation, contribute to agricultural development and reduce a worsening trade and balance of payments situation, most development plans say little about population change and the influence of planning on population distribution; priority has generally been given to economic growth. Even those countries, like Fiji (and Papua New Guinea), which have recognised problems of population distribution have not yet developed policies (other than settlement schemes) that influence this distribution. Expensive settlement schemes have had minor success in Fiji but attempts to develop growth centres outside the capital city have invariably been failures.

Efforts to decentralize development outside capital cities or main islands has been extremely difficult, as in the case of Kiribati (Connell, 1983a), and settlement schemes have rarely proved successful. Even institutions specifically designed to promote rural and regional development, such as Development Banks, have only rarely been able to allocate the majority of loans away from the principal urban area. In the Pacific the actual distribution of credit has been predominantly urban even though populations are predominantly rural. A review of the operations of the development banks of Papua New Guinea, Fiji, the Solomon Islands, the Cook Islands, Western Samoa, Tonga and Tuvalu points to a consistent and persistent urban bias in credit delivery (Connell, 1986c). Throughout the region one of the few institutions with specific goals of rural and regional development and the ability to allocate credit towards these ends has actually contributed directly to urban bias. This exacerbates the existing industrial bias of commercial bank loans (Watson, 1985). In rare cases, as in Comoros, investment has been biased towards a single island away from the capital, in this case, Anjouan, the home island of the President (Griffin, 1986:525). Access to credit, as in Western Samoa (Carroll, 1985), is hampered by a rural population spread over many inhabited islands, limited understanding of credit and few bank employees and also a limited number of options for development in the outer islands. Challenging this urban bias is of vital concern for IMS.

Political decentralisation in IMS has been limited, with widespread fears, notably in the Pacific, that it would lead to fragmentation and the disintegration of the state; hence only Palau and the Federated States of Micronesia, in the Pacific, actually define their government systems as federal (Petersen, 1986:6). Other fragmented states, such as the Solomon Islands and Vanuatu, do have a number of local or provincial political authorities with significant authority but often with a limited financial base (Larmour, 1985) hence political authority has tended to remain concentrated at the centre.

Uneven development is apparent even in the smallest states, accentuated by widespread urban primacy, minimal decentralisation and even urban and industrial sectoral bias in the allocation of resources. A more familiar problem is the limited development of the more remote islands; thus the 1985 National Plan

of the Maldives stressed that 'the emergence of a dual economy has created a modern sector which employs a minority of the workforce but concentrates incomes, resources and investment. It has accelerated the drift towards Male, the capital, undermined the natural economy and created a social imbalance between Male and Raajjethere (the outlying islands), between the rich and the poor'. In a number of countries, but most obviously in the larger IMS, such as Fiji, Vanuatu, Mauritius and the Solomon Islands, national policy is officially oriented towards the development of growth poles away from the capital city - both to take advantage of local resources and to spread urbanisation and economic development more evenly. However, the experience of growth poles elsewhere in the world is not encouraging. In Asia the high costs of direct government expenditure on establishment and subsidies have often been prohibitive and have slowed progress, skilled workers have been reluctant to leave urban areas and development has tended to be capital intensive (hence slow), whilst national schemes have often been poorly implemented through lack of administrative manpower and because of conflicts between national and state government policy. Much the same is even more true of IMS, hence without reasonable access to labour, other resources and markets it is impossible for alternate growth centres to be successful unless wages are disproportionately high and development diversified. Transport costs and frequencies, especially in the multi-island states of the Indian and Pacific oceans, also emphasize regional inequality (eg. Sofer, 1985) and core-periphery problems, that increasingly worsen the prospects of achieving spatial equity (eg. Alexander, 1980; Saddul, 1987). There have been secessionist threats in a number of IMS, notably the Solomon Islands (Premdas and Steeves, 1984), Vanuatu (Shears, 1980; Beasant, 1984) St Vincent (Nanton, 1983:241), Tuvalu (Connell, 1981), Barbuda (Thorndike, 1987), Mauritius and Nevis. Most recently Rotuma has declared its independence from Fiji, in the wake of post-coup constitutional changes. Only in Comoros has secession succeeded in the case of Mayotte (Newitt, 1984; Gaspard, 1983). Hence in an extremely large number of IMS, there are significant minorities and challenges to the integrity of the state. Elsewhere nationless nationalism has often poorly integrated remote, ethnically distinct regions, such as Anuta in the Solomon Islands (Feinberg, 1986). Only a few IMS (such as Tonga and Western Samoa) and single island IMS are without some fissiparous friction, hence decentralised development is more vital than for solely economic reasons, though these are important enough.

The predominantly urban location of industrial and tertiary sector employment, and thus the high-wage sector, has contributed to urban-rural migration, and often unmanageable urbanisation, epitomised in the extreme levels of deprivation, crime and violence of the slums of Kingston, Jamaica (Eyre, 1986) but slowly becoming more apparent elsewhere. Shantytowns visibly demonstrate inequalities and the environmental aspects of urbanisation have increased, as traffic problems worsen and the rivers, streams and open spaces of urban areas become polluted with the wastes of consumer society. In Kiribati and Truk (Federated States of Micronesia) the disposal of sewerage in densely populated lagoon areas has led to severe cholera outbreaks. Urban growth has increased the distance to food gardens, increased erosion in nearby areas, depleted firewood and contributed to the 'poor man's fuel crisis' (Connell, 1984b:310). Urban growth is principally stimulated through increased national expenditure on infrastructure and administration, and through the centralisation of the bureaucracy, the financing of which is dependent on overseas aid, loans, tourist receipts or declining commodity exports. The weak economic base has placed 'urban managers' (and there are few enough of them) in a desperate race to cope with uncontrolled shantytowns, to mount an increasingly expensive search for water and electricity and adjust to a growing dependence on imported food and energy. Consequently there is little time for consideration of the long-term effects of economic planning decisions on the physical environment. Physical planning remains in enforced infancy.

Industrialisation and tourism, especially in association with urban areas, have emphasized spatial inequality, even in small IMS such as Barbados, where the capital, Bridgetown, has remained a centre for the extraction of surplus value while the economy has evolved from sugar plantations to tourism and manufacturing (Potter, 1985:77; Potter, 1986). This kind of uneven development is typical of most IMS; the rare exceptions, where population growth is not intensifying in one area, such as Western Samoa, are those where international migration (and remittances) are vastly more important than domestic population migration and economic growth. If spatial inequalities have increased the evidence on other aspects of inequality is incomplete and ambiguous; in the Seychelles gender relations have worsened despite increased prosperity (Benedict and Benedict, 1982:104). Class and colour inequalities in the Caribbean (Lowenthal, 1972; Cross, 1979) have not been significantly changed in the post-independence era, though in both Sao Tome and Cape Verde, historic socio-economic inequalities have been drastically reduced (Hodges, 1986) in part through substantial emigration. Inequalities thus appear to have worsened except in contexts where international migration is of great importance.

There can be no consensus over trends in the employment structure of IMS beyond the conclusion that maintaining an increase in the growth of employment commensurate with population growth is one of the most difficult challenges that faces most IMS. Even in IMS characterised by extensive emigration (see Chapter 4) the provision of employment is a critical issue, and lack of employment often constitutes an important reason for migration. Employment has thus been the subject of a series of detailed international studies in IMS (eg. Selwyn *et al.*, 1980; Bienefeld, 1984) and is often a central element in the development plans of IMS. It is impossible to summarise the varieties of employment situation in IMS (which are obviously a function of quite different economic structures, country sizes, etc) and the extent to which unemployment is or is not of critical importance. In many cases the availability of data is poor (Lisk, 1987). However, in the eastern Caribbean IMS, it is widely believed that unemployment is now increasing, and is usually at least 20 per cent of the labour force (Lisk, 1987), substantially higher than in Pacific IMS. However in Pacific IMS, where it has often been believed that there was only 'voluntary' unemployment, as islanders had the option of returning to their home villages and islands to take up productive employment, it is now recognised that unemployment is a worsening problem and that, for example, 'the myth that there is no unemployment in Western Samoa is one of the most dangerous contentions to be entertained' (Simi, 1987). Similarly it has recently been argued that the unemployment rate in Fiji was between 16 and 30 per cent, even before recent economic problems, a rate similar to that in the Caribbean, though traditional forms of reciprocity act as social insurance against some of the costs of high levels of unemployment (Gounis and Rutz, 1986). Comparable figures are likely for the Comoros and the Atlantic IMS. There are probably no IMS where there are widespread job vacancies, outside a limited number of specialised activities; indeed there is often a mis-match between job vacancies and the availability of workers for employment. In some countries priority has been given to labour-intensive economic development, discussed in detail elsewhere (Bienefeld, 1984) but, more often, priority has been given to apparent sectors of economic growth, with the retention of some basic assumptions about externalities, spin-off and trickledown, which have more often contributed to inequalities within countries. Employment policies cannot be discussed in detail here. Overall it must simply be concluded that the problems of human resource planning are particularly acute in IMS.

At this stage in development planning in the IMS population issues do not play a significant part despite the concern that governments express over related issues such as urbanisation and the imbalance between employment opportunities, skills

and population distribution. This gap is even more true of more fundamental and socially complex issues such as family planning (cf. Lucas and Ware, 1981). Consequently policies that are oriented towards influencing population growth, training and distribution by means of integrated development strategies, especially for the rural sector, tend to be conspicuous by their absence (Connell, 1987h). However, the relationships between demographic and socio-economic factors are complex and without adequate research the design of population and development programmes may simply be based on 'untested assumptions and mental models' (Farooq, 1981:339). While these programmes remain largely absent the Pacific IMS slowly follow a development course like that of the Caribbean IMS, where rural-urban and international migration are similarly structured and agriculture has also declined (Rubenstein, 1983; Hope, 1981). The same aspirations also remain: 'with a concerned retreat from urban bias and a serious commitment to complementary urban and rural development, urban population growth and urbanisation could proceed in a manageable manner' (Hope, 1986:56). What are now pious hopes in the Caribbean still retain some validity in the Pacific.

Population issues should be integrated with other elements of development planning and priority should be given to consolidating development planning offices that are able to undertake sectoral and regional planning. In some respects this is an expensive necessity; however the difficulties of genuine integrated development planning are considerable in most IMS, where skilled manpower is limited, but it is obviously crucial that particular elements in the economy (such as tourism or fisheries) not be planned in isolation. Those countries that do not have comprehensive population and nutrition policies and programmes should formulate them. A comprehensive national population policy should, among other things, specify national and sub-national goals on the rate of growth of population, on levels of fertility and mortality and on the distribution of population between urban and rural areas. Current constraints on the integration of population and development planning are as much a function of inadequate information as they are of any inherent defects in development planning in countries without a long tradition of planning.



#### 4. INTERNATIONAL MIGRATION AND REMITTANCES

Movement of peoples within and between islands and especially from the IMS has intensified in volume, increased in distance and become more complex in pattern and purpose over the past century. International population flows are now the major regulators of demographic change in most IMS. With the development of modern modes of transport, the opportunities for migration have increased in regions historically characterised by mobility. This has led to both an increase in the migratory flows and a change in their patterns. Whereas, in the past, these movements tended to be circular or repetitive and often seasonal and usually over short distances, permanent and relatively long-distance migration is becoming more general. There are a number of trends in population movement, although not all occur in every country. Firstly, international migration to metropolitan states remains important; secondly, small islands are being depopulated as people move to larger islands; thirdly, mountain populations are moving downwards, usually to the coast and, fourthly, urban populations are continuing to grow. In recent years these trends have intensified. Most migrants move in order to seek and secure wage employment when suitable opportunities are not available locally. Glaring economic and social differentials, both between the IMS and metropolitan countries and between remote islands and urban centres, have an important role to play in influencing migration, as expectations rise and relative deprivation becomes more acute (Connell, 1987g). Migration is broadly a function of perceived relative deprivation, primarily in terms of income levels (and a preference for the 'fast money' of wages rather than 'slow money' of cash cropping) but also in anticipation of superior welfare services and, in extreme cases, the reduction of boredom (Connell, 1985). Political issues have influenced migration from a number of IMS, including Tonga (Marcus, 1981), Fiji, in the aftermath of the 1987 coup, Grenada, where migration is reported to have grown both during the PRG era (Maingot, 1985:81) and its predecessor (Thorndike, 1985:108) and no doubt elsewhere. Especially in the smaller IMS, notably Kiribati and Tuvalu, prospects for economic growth are unusually limited, hence pressures for increased overseas employment or emigration outlets are likely to increase. Even in IMS of relative economic success there is continued emigration and national pressures for increased opportunities. The threat of any withdrawal towards a more self-reliant, subsistence lifestyle, or the deterioration of education and health services, prompts increased demands for emigration rather than exhilaration in the realisation of greater self-reliance.

High rates of emigration have characterised the Caribbean since the early nineteenth century (Lowenthal, 1972) and grew dramatically during the construction of the Panama Canal (Marshall, 1982; Richardson, 1986). In Cape Verde migration was also massive by the end of the nineteenth century and probably no independent state has more of its population living overseas (Gomes, 1986; Meintel, 1983) perhaps more than half if the most recent data are accurate (Lesourd and Réaud-Thomas, 1987:116). These kinds of proportions depend on the definitions used, and very high figures are more likely to be a measure of ethnicity than actual migration. Otherwise only in some exceptional colonial situations, such as Niue, are more than half the population born in an island state likely to have moved overseas. In the Indian Ocean migration effectively began around the start of the present century (Newitt, 1984:78-79); by contrast emigration from the Pacific was almost unknown until the 1960s. However in every region international migration has dramatically increased in the post-war years; in the Caribbean it has been reported that 'international migration is relatively the highest anywhere in the world since World War II' (Momsen, 1986a:51) though in parts of the Pacific it is actually probably higher. As the history of migration from the Caribbean and Atlantic Ocean states demonstrates, the structure of migration (duration, volume and, especially, destination) is affected more by economic conditions in the receiving rather than the sending

states, and hence is more likely to be controlled at the destination than at the source. In countries such as Mauritius (Minogue, 1987), Fiji (Connell, 1987c) and elsewhere there is evidence that emigration would reach very much higher levels if there were no political and legal restrictions. This was apparent in the Pacific IMS when New Zealand briefly allowed visa-free entry from Fiji, Tonga and Western Samoa at the start of 1987 and 12,000 visitors (many temporary) entered New Zealand in a ten-week period. Political controls on international migration, almost entirely at the prospective destination, are thus critical determinants of the extent of international migration, which is usually greatest from territories that remain dependencies (and hence have ease of access to the metropolitan states) rather than from independent IMS.

International migration is greatest from the smallest states and the principal destinations are New Zealand, the U.S.A., Canada and the United Kingdom, but Barbadians and Seychellois at least have gone to Saudi Arabia (Brookfield, 1982; Franda, 1982). This kind of movement is resulting in urban concentrations of islanders on a scale that is scarcely paralleled in the home countries. There are twice as many Niueans in Auckland as there are in Niue and more Cook Islanders than on any of the Cook Islands. In the Pacific more Tokelau, Pitcairn, Cook and Niue islanders and American Samoans live outside their country than at home; in the Caribbean the same is true of Anguilla, Saba and Montserrat, may even be true of much larger IMS like St. Kitts-Nevis and Dominica, and is certainly true of other small outlying islands (cf. Rubenstein, 1983:304). It is also apparently true of Cape Verde, though 'migrants' may here be the children of actual migrants. In the Pacific especially this is a recent, rapid and growing phenomenon which has necessarily had a significant effect not only on the welfare of the migrants but on their attitudes and contribution to development in their home countries. Its major influence on urbanisation is in the return migration of those who have been overseas who have become urban men, women and children and are unwilling to step back into a rural environment and culture. It has also influenced the attitudes and aspirations of those who remain in the IMS.

Steady depopulation of small islands appears almost ubiquitous to the extent that in a number of countries some atolls or small islands, especially in the Pacific, have been completely depopulated, although some, like Pitcairn island, have retained a population far beyond the time when depopulation appeared imminent (Connell, 1988b). In all multi-island states the larger islands are gaining population relative to the smaller islands. The reasons are straightforward: employment opportunities and services (especially education and health) are concentrated in the urban centres. In the IMS, where manpower and capital are often limited, this urban concentration is inevitable at some scale hence rural-urban migration follows. In some cases this movement has not affected either agricultural or marine resource production because it has been a movement of 'surplus' population; more usually production has fallen and substitution increased so that the development of outer islands and especially atolls has become a major problem in many South Pacific and Indian Ocean countries (Connell, 1986a). Similarly, in Montserrat, as the labour force dwindled, field crops gave way to cattle and coconuts, and scrub encroached on pasture, until more than half the arable land lay idle and production fell by two thirds. Yet remittances meanwhile notably improved levels of housing, health, nutrition and education (Lowenthal and Comitas, 1962:217-8). Even where there are perceived disadvantages, migration rates from the smallest islands have not slowed. In Fiji, for example, though urban unemployment has increased, migration from the eastern islands has also increased; it has been argued that this is essentially because agricultural work there, and elsewhere in the Pacific, has been losing status and prestige whilst, again there and elsewhere, the small islands are 'beautiful but no places to live' (Bedford, 1980:57). In many respects so are the IMS.

Migration is invariably selective and always results in the loss of the more energetic, skilled and innovative individuals and this loss, which may reduce rural political bargaining power, business expertise and so on, may not be compensated either by remittances or by some other form of trickle-down effect from urban and national development. It is not the poorest who are most likely to migrate, and it is the most educated who migrate first, so contributing to a brain and skill drain (Connell, 1980b). For the Caribbean especially restrictive immigration policies in destination countries have meant that the only opportunities for unskilled, low-income and unemployed workers to migrate have been through bilateral agreements for short-term 'guestworkers' (Marshall, 1982:460). Migration opportunities in the Caribbean are thus reported to be differentiated by class (Maingot, 1985:75). Among educated youth and middle-class professions there was a 'visa mentality' and an 'obsessive desire' to emigrate (Sunshine, 1985:69; cf. Maingot, 1985:80; Hope, 1986:62) and hence a 'brain and skill drain' that has hampered the development of human resources in Caribbean IMS (Lisk, 1987:7). The brain-drain is widespread, as in Comoros, where 'there has been a natural tendency for qualified Comorians to seek employment abroad and not return to the poverty and lack of prospects in the islands' (Newitt, 1984:91), in the Seychelles, where preventive policies have been considered (Franda, 1982:112) and in Montserrat, where migration crippled both government services and business development (Lowenthal and Comitas, 1962). Indeed, rather more generally, it has been argued for Western Samoa that 'although cash remittances have been an important source of revenue to families at home, they represent a heavy loss on education and investment' (UNCTAD, 1985:183). Migration thus tends to proceed out of inequality.

Emigration is counteracted and compensated by a return flow of remittances (or unrequited transfers). Over time the amount and regularity of remittances usually falls, although the decline is more rapid for rural-urban migration than for international migration, where the probability of return migration is considered to be higher. This is not surprising; social links and distant perceptions of needs are likely to decline over time, successful migrants may be followed by others from their family, initial targets (where they existed) will have been met, duty will have been done and local urban investment, for example in housing, may appear more rewarding.

International migration, involving higher costs but also higher incomes and greater uncertainty, records the highest rates of remittances in most Third World contexts (Connell *et al.* 1976:91; Lipton 1980). In many IMS remittances are the largest single source of foreign exchange, greater than exports or aid. In the Caribbean this pattern has been long-established though tourist revenue now provides the greatest incomes, but in many of the smallest states and islands, remittances dominate the economy (Brierley, 1985a; Rubenstein, 1983) and the proportion of households depending on them is very great. In the Pacific this situation occurred later though in Tonga remittances were the largest single foreign currency earner by 1973 (de Bres and Campbell, 1975:450). In Western Samoa remittances by 1973 were around the same level as the national agricultural income (Shankman, 1976:36-8) and in both states they have subsequently increased. In the smallest territories, like Tokelau, the transition was even earlier. In Wallis and Futuna remittances are almost the only source of income that is not derived from French overseas aid expenditure. Two thirds of employed Tuvaluans work overseas hence remittances are also of critical importance. In Cape Verde in 1980 remittances accounted for 48 per cent of the GDP, one of the highest recorded proportions in the world (UNCTAD, 1985:66) other than perhaps in Yemen (Swanson, 1979). Not surprisingly it has been claimed that 'it is no exaggeration to state that this ensures the survival of the country' (Lesourd and Réaud-Thomas, 1987:117). In Western Samoa as elsewhere

migrants, for more than a decade, have been 'the most valuable export' (Shankman, 1976:28; cf. Yusuf and Peters, 1985:14). Remittances in small island nations, where international migration is important, thus represent a very substantial component of cash incomes, much more than the contributions made by international migrants within Europe.

Globally the overwhelming weight of evidence suggests that the use of remittances reflects the poverty and lack of investment opportunities from which the migrant came (Connell *et al.* 1976:98) and little is directly invested. Remittances often finance subsequent movements of kin or the education of younger relatives, with the same end in mind (Philpott, 1973). However the vast majority are used for everyday household needs or in conspicuous consumption, especially of food and housing (Connell, 1980; Marshall, 1982; Hill, 1977; Rubenstein, 1983:297). This has contributed to food dependency and in northern Kiribati, where remittances represent the largest portion of cash income, a situation typical of smaller islands: 'the people of Butaritari and Makin are becoming increasingly dependent on remittances to pay their taxes and their children's school fees, to buy corned beef and rice for feasts and to purchase even moderately expensive items at the store. The export of labor has become the principal means of maintaining the local standard of living' (Lambert, 1975:229-221; my emphasis). House construction is primarily directed to prestige rather than welfare. Cape Verde, where migration is substantial, consequently imports more cement per capita than any other African state! The dominance of consumption expenditure reflects the belief that 'money is needed to buy the cultural symbols of social importance sought by Islanders' (Watters, 1970:135). Thus migration and remittances have tended to create an appetite for the import of consumer goods, and hence expensive imports, which has driven up agricultural wages and therefore tended to squeeze that part of IMS economies with the most long-term productive promise. The remaining remittances are however mainly invested in the agricultural sector. Many such investments have been related to land purchases (Connell, 1980:246; Benedict and Benedict, 1982:211; Lesourd and Réaud-Thomas, 1987:115); where investment in land is possible, pressure on land is enhanced and land prices rapidly rise (King and Strachan, 1980; cf. Swanson, 1979). However rural investment opportunities are normally so few that 'migration was a far more lucrative investment than anything available in the village' (Shankman 1976:71). In these conditions remittances can only be invested in increased, if not necessarily improved, consumption. The conservative use of remittances partially reflects the lack of productive investment opportunities. Consequently although there are widespread assumptions that remittances emphasize dependency and produce rural stagnation (Connell, 1980b; Rubenstein, 1983) their contribution to the generation of foreign exchange earnings and employment, especially in the service sector, in small islands where there are few other income-earning opportunities, ensures that there are many exceptions to this generalisation. In Barbados, by the end of the nineteenth century, substantial remittances from migration to Panama, coinciding with a slump in the sugar industry, led to new house and shop construction and the purchase of small lots of land from marginal plantations; there was a general consensus that migration was of great benefit and the 'escape valve' perception of emigration became firmly established in the minds of policy makers (Marshall, 1982:459) and people. In many IMS opportunities for emigration and remittances are extremely highly valued by islanders themselves (eg. Tongamoa, 1987) and freedom of movement is given high priority.

In a number of IMS migration is linked or sponsored, with households or extended kinship units planning for and encouraging the migration of particular individuals (Connell, 1980b:7-8), to the extent that in the smallest states Bertram and Watters have suggested the emergence of a new institution, the 'transnational corporation of kin', allowing kin groups to colonise and exploit economic

opportunities across a wide range of environments (Bertram and Watters, 1985:499). Such behaviour is most apparent where domestic sources of income are least adequate. In the two remote islands of Ponam (Manus province, Papua New Guinea) and Nanumea (Tuvalu) the island economy is limited in its ability to generate capital and remittances are a significant source of income. On neither island has fertility fallen in recent decades and on Nanumea it appears to have risen. Although the evidence on changing patterns of fertility in the South Pacific is generally poor, and far from rigorous, maintenance of high fertility levels has continued to be a characteristic of the region with few exceptions (Levin and Retherford, 1986) and modern family planning techniques have had a low receptivity almost everywhere. This is not surprising since, at the household level on Tuvalu,

parents actively hope to produce remittance earners and most feel that this necessitates having more than one son. As one woman said of her only son "One is not enough. If he goes away to work, there is no one to look after me here. If he stays and cares for me, no one earns any money overseas". Another woman recognised that her husband had been right to insist that they needed more children... "He said that if we had many children we might have a smart one who could go on to school and get good work. He will be our road to money and imported goods" (Chambers, 1986:283-4).

On the island of Ponam control of migration and population growth also has a conscious economic rationality, with ideology equating an economic return (remittances) with an economic investment (child-rearing for migration) so that it is appropriate to speak of labour export rather than merely migration: "Ponam is not a society passively allowing or suffering the migration of its members. Rather it is a society which actively regulates this migration, and it does so in a way which helps secure a substantial remittance income" (Carrier, 1984:42). Consequently Ponam's claim that 'children are our garden and we survive by eating the fruit' (Carrier, 1984:49). In both cases then islanders deliberately aim to maximise the number of children, to ensure continuity of migration and remittances especially with the intention of producing a child who might obtain secure and well-paid bureaucratic employment. Though these kinds of statements do not constitute rigorous data, they are borne out by the demographic data (especially in Nanumea) and strongly suggest that where domestic sources of income are increasingly regarded as inadequate fertility will remain at a high level or even increase. Where migration has been even greater, as in the outer Reef Islands (Solomon Islands), the total fertility rate rose among remaining females as the total number of females decreased through migration (Davenport, 1975:112). In all three cases, overseas migration opportunities are either declining or non-existent, whilst employment opportunities within the countries are also declining. Where migration spreads, and minimises, risks the argument that the loss of rural security results in increased natality (Meillassoux, 1983) thus has considerable validity. Family size in Nanumea, Ponam and elsewhere, has not significantly declined since maintaining high fertility levels is logical in a low-skill wage labour system where the costs of education and reproduction are not high. Furthermore where remittances are increasingly less likely to be altruistic (Lucas and Stark, 1985) and emigration more likely to occur, the fertility effect is further likely to be negative unless the costs of education and reproduction increase substantially (Caldwell, 1982). Migration, fertility and income generation are thus closely related in IMS.

Although migrants face a life-cycle of obligations to their home areas, these obligations are likely to decline over time, to compete with new obligations and to be increasingly ignored (Connell, 1980b). However relationships between migrants and their home communities are extraordinarily complex; the link is often a 'disconcerting tie' (Strathern, 1985) based on 'the paradox of permanency'

(Tonkinson, 1977), the ideology of return and the role of remittances as social insurance (eg. Philpott, 1973:176). Remittances are larger and more sustained than might be expected, have often gone into village projects and represent the migrant's continued stake in the village economy and social hierarchy. Though rural-urban and international migration are increasingly permanent, circulation and contact are maintained, powerfully and often overwhelmingly in ideology, and less frequently in reality. In the Caribbean IMS, migration 'is now a traditional process, a process that paradoxically calls for people to leave, though often to return again, in order to maintain and improve what they had left behind' (Richardson, 1983:6). In Vanuatu migrants 'maximise their options by successfully exploiting the basic ambiguity of being temporary sojourners who are in fact long-term absentees or migrants' (Tonkinson, 1985:141). Such a balancing act is not without strains; indeed public and private views of home are quite distinct (Macpherson, 1985) but, especially in the Pacific, consciousness of land in tradition and history has militated against radical change through its imposition of identity. Migration consequently tends to reinforce existing social, economic and political conditions (Connell, 1987c, 1988d) and remittances often emphasise existing inequalities (Frucht, 1968; Rubenstein, 1983). Yet, even in the most remote villages, social ideologies have been transformed through migration even if economic change has been minimal.

Return migration is principally of the old or the 'failures' without skills or capital, who therefore make little contribution to domestic growth, and may introduce new discontents, demands, values and aspirations. The contribution of return migrants to national development, and their own satisfaction with employment and living conditions, are likely to be greater in the larger IMS where economic growth is more apparent. In Barbados, for example, those who had acquired skills overseas were of much greater utility than those who had merely taken up unskilled employment, though, on balance, return migration appears to have been favourable to national development (Gmelch, 1987). Elsewhere in the Caribbean this also appears true (Thomas-Hope, 1985) yet in Tonga the benefits are less apparent (Fonua, 1986). Skill losses are usually greater than gains though, seemingly paradoxically, there are many expatriates (Europeans and others) in skilled employment, since the training costs of localisation are high and in some countries (eg. Tuvalu) there is a surplus of skilled workers in some areas. Many returned migrants remain in urban areas, unable or unwilling to return to a rural environment and culture, yet there is undoubtedly potential for both attracting more appropriate return migrants and utilising their skills further (Connell, 1987g:65-66). Though there is opposition in some IMS, including Western Samoa and Niue, to some forms of return migration on the grounds that migrants 'voted with their feet' to leave and the few existing opportunities should be reserved for those who chose to remain (Connell, 1988a) there remains scope for Development Banks (and other similar organisations) to advertise national development and job opportunities and incentives in the countries of destination (as occurs for West Indians in England) to encourage the return migration of those with skills and capital. In Cape Verde the clothing industry has succeeded almost entirely because of the capital and skills of return migrants, and an Institute of Emigration has been opened to collect data on emigrants, and assess their financial and technical potential, while the state organises visits home for second, third or fourth generation migrants.

Within countries there is a clear positive relationship between rural development and return migration, well illustrated for the case of Takapoto, one of the Tuamotu atolls in French Polynesia. There the population had fallen steadily from 1956 to the early 1970s but from 1974 it began to rise again, as return migration exceeded outmigration. A number of factors were responsible for this change; firstly, the deterioration of the economic situation in Papeete, the capital (and hence rising urban unemployment), secondly, a rise in the price of copra,

thirdly, the establishment of air transport (enabling the possibility of tourism, food transport and more rapid communication with Papeete) and, fourthly, the establishment of a pearl shell industry (Pollock, 1978). The integrated nature of this development (infrastructure and incomes), however inadvertent, is apparent as is the incidental 'urban restraint' of unemployment. However the evidence does indicate that where opportunities are redistributed (and equalised) return migration does follow, in definite contrast to the situation in the Marshall Islands where few rural policies have been developed (Pollock, 1979) and rural-urban migration has been excessive. In 1976, when Pollock observed these trends, her conclusion was that 'this may be only a temporary or "boom" period of increase in the atoll population for the economic advantages may be short-lived' (1978:135); although six years later there was no evidence that this was so, an unusual series of cyclones in 1983 (Dupon, 1984) disrupted the positive gains achieved in Takapoto and further emphasized the problems of development on small islands.

Migration alongside cash cropping, education and wage and salary employment, all demonstrate the drift towards individualism. Increasingly the earnings of migrants are intended to be for their own use, rather than that of their kin; this pattern has undermined the authority structure and economic unity of extended kinship units in relation to the immediate family and the individual (Shankman 1976:83; Hooper and Huntsman 1973:406). Investment in education also contributes to individualism although the investment itself is not the sole reason; in large parts of the Pacific such trends are, as in the Cook Islands, a result of the 'rivalrous individualism being fostered by the schools' (Graves and Graves 1976:459). Increasingly migrants also move as individuals rather than with the groups that were common in plantations and contract labour work.

The social and economic disadvantages of migration are considerable and, in the Caribbean, there are political disadvantages as international migration has 'sapped the nurturing of a collective sense of identity' (Thorndike, 1985:4). Yet, on balance, domestic perceptions of both overpopulation and substantial remittance flows have strongly discouraged IMS from formulating policies directed towards reducing migration and establishing more self-reliant development strategies. In the Pacific only Western Samoa has even contemplated such policies, whereas other states have sought out new opportunities; both Tuvalu and Kiribati have Marine Training schools to train workers for overseas employment (Connell, 1985). In the Caribbean the same is true, with Barbados even granting financial assistance to those who wished to emigrate, and other governments actively seeking new outlets (Marshall, 1982; Momsen, 1986; Benedict and Benedict, (1981:158) as in the Canada-Caribbean Farm Workers' Programme (Caribbean Times, 17 April 1987). Cape Verde has recently faced greater restrictions to emigration, while higher migrant unemployment has led to a substantial decline in remittances, so that it has sought out new countries for possible emigration. As the President, Aristides Pereira, has recently stated: these could be 'Canada and Australia. We already have contacts and we think it is on the cards. We think that if we get organised, we will be able to go on counting on emigration as a major component of our drive to regulate the economy' (The Courier, 107, January 1988, p.25). Malta too has given financial aid and training to emigrants (Smith, 1981:147) and the Seychelles and Fiji, much like Nepal, have exported soldiers overseas. It is not necessarily paradoxical that Cape Verde should, on the one hand, be seeking out new overseas migration outlets and, on the other, be encouraging the return migration of those with capital and skills. In many respects it is those countries without real permanent emigration outlets, such as Kiribati and Tuvalu where they have partly been lost (Connell, 1985:468), that are increasingly the poorest. In Kiribati and Tuvalu attitudes to emigration have consequently changed. In pre-war years the distant Phoenix Islands were settled from the most densely populated southern islands, and these settlers



subsequently went on to the Solomon Islands. There were other similar migration movements from Tuvalu to Fiji. These migrants are now viewed quite differently:

In earlier days they were called the land-hungry people; they were the unfortunate ones who did not have sufficient land. Now our values have changed. Settling overseas, beyond the oceans of our islands, is something to be sought after. Why? Because our population is still growing. So now many consider them, the resettled ones, as the fortunate ones and they consider us to be the unfortunate ones (Schutz and Tenten, 1979:127).

In historic times island dwellers were extremely mobile and far from insular. Mobility itself was responsible for demographic survival; without mobility, adaptation and change were impossible. It is a phenomenon of contemporary times that political boundaries and policies minimize regional and long-distance migration. Without the flexibility that this kind of resettlement migration provides, the uncertainties and limitations of island environments are emphasized. The era of great voyages and ancient navigation skills is over, yet the most successful atoll communities are those where there has been considerable interdependence between atolls (Alkire 1978:146). Stability is not the normal situation for IMS populations.

Crucial to the role of emigration for development in IMS is its future viability, which necessarily depends on the economic situation and political decisions in host nations. Continued dependent status enables a steady migration flow from small states and, in territories such as American Samoa, Wallis and Futuna and the Cook Islands, is a powerful deterrent to independence sentiments. A high proportion of the population of some territories, like American Samoa and the US Virgin Islands, are overseas-born; these and other islands have become 'transshipment stations' (Maingot, 1983:15) or stepping stones, sometimes illegally, for islanders en route to metropolitan nations. The future for intra-regional migration is exceptionally poor, as newly independent states or small colonies have reserved jobs for their nationals, as in the Cayman Islands (Caulfield, 1978) and Madagascar (Newitt, 1984:95,102), or where employment opportunities have stagnated as in Nauru (Connell, 1985) and New Caledonia. The migration of political refugees has been unimportant to IMS, although some have received Vietnamese 'boat-people', but political pressure has sometimes been important, as in Madagascar, where 17,000 Comorians were forcibly repatriated in 1977 (Bheenick, 1986:13). Regional employment opportunities in the eastern Caribbean and elsewhere are now often poor and where intra-regional migration remains it is often either illegal (eg. Marshall, 1985) and/or, as elsewhere, is directed towards colonial territories such as New Caledonia, American Samoa, Guadeloupe, Martinique, the Cayman Islands and the Virgin Islands, where incomes are higher and job opportunities better. Nevertheless, there is substantial return migration from most areas of emigration, and so much seasonal migration, even across international boundaries (eg Wood and McCoy, 1985), that it is usually more appropriate to regard this as mobility or circulation rather than migration (Chapman and Prothero, 1983). The future of emigration to metropolitan states is uncertain. Though, in extremis, 'no community can function as a giant incubator for male workers who, once they reach maturity, are exported' (Yusuf and Peters, 1985:22), many IMS now approximate to this situation, and are not always discouraged.

A survey of agricultural prospects in the Pacific concluded that for smaller IMS nations like Kiribati: 'Even with the most optimistic view of the possibilities for fisheries or further development of the coconut industry, the conclusion must be that continued economic growth from its own resources is impossible. In Western Samoa, Tonga and the Cook Islands, though the issues are less clear, a similar conclusion seems unavoidable... The acceptance of a no-growth state of affairs



may be the only realistic option for the small countries unless they are prepared to accept a state of permanent dependence on foreign aid' (Castle 1980:180-181). Consequently the remarkable conclusion from this survey of national development prospects was that 'this suggests a policy of unrestricted temporary or permanent migration of peoples from Polynesia; not only to New Zealand but also probably to Australia, the USA and Canada' even though this is 'a policy which Pacific island states can seek but cannot make. Nevertheless that policy would seem to be the only one that gives the people of the small island countries the chance to choose individual paths of development within the wider world community' (Castle 1980:136). That a development survey can conclude in this vein is indicative of the problems that IMS face in any attempted movement towards self-reliance and regional unity. One of the authors of the agricultural survey noted elsewhere that for the outer atolls of Papua New Guinea, and implicitly small islands elsewhere, 'incorporation in a wider polity, and the escape this offers, through outmigration, counters the limits of small size and narrow resources' (Ward, 1982:182, my emphasis). However in the Pacific this kind of perspective has increasingly become the conclusion of several studies of development prospects; generally it has been suggested that 'the inhabitants of some of the very small and isolated Pacific communities might be well advised to accumulate the aid expenditures now being expended on them as cash grants to help them move to larger neighbouring countries' (Blazic-Metzner and Hughes, 1982:94), a suggestion directed at Kiribati and Tuvalu in a recent influential review of Australian overseas aid (Jackson Report 1984; Connell, 1986b) but not then acted upon. Most recently this has been reconsidered by an Australian International Development Assistance Bureau (AIDAB) review:

There are some indications that Australia is likely to face increasing pressure to allow migrant workers from PICs [Pacific Island Countries] access to the domestic labour market. Labour is one of a few things that some PICs have to sell. According to this view, it is inconsistent for a developed country such as Australia to call for freer international trade while at the same time restricting trade in labour markets. One cost of closing domestic labour markets to immigrants and restricting the opportunities available to developing countries to earn increased revenues, so the argument goes, is increased aid requirements. In some parts of the South Pacific, there is already considerable interest in the possibility of obtaining temporary employment in Australia. More interest can be expected in the future.....For the source country migration can lead to economic and social imbalances in society. The most skilled people may leave for better employment prospects overseas, denuding the local skilled labour-force and impairing the country's development. The drawing power of open emigration may well be enough to leave some PICs little more than 'ghost towns'. For migrants who return, there may be difficulties in readjusting to the local community's values and way of life. The level of worker remittances may also drop off rapidly, which is especially the case for permanent migration. The link between migration and long-run improved standards of living in the source country is not automatic. Nevertheless, especially for those countries with very poor prospects for self-sustaining development and poor standards of living, opening up of migration policy may be an essential adjunct to aid (AIDAB, 1987:30-31).

Thus recent reviews of development prospects in IMS have increasingly leaned towards the view that international migration, despite its disadvantages, contributes to development in IMS because of the otherwise restricted development opportunities. International migration is likely to increase in the future and become effectively self-sustaining as migrants are increasingly able to join kin overseas. As long as this occurs, and neither restructuring of metropolitan economies nor political objections to further migration from most

IMS currently suggest that it will not, then the prospects for more self-reliant development strategies are extremely limited. International migration is regarded either as development, or as a substitute for development, rather than a short-term support for national development. Although Kiribati is valiantly aiming at self-reliance (Tabai, 1987), some IMS (such as Vanuatu and the Solomon Islands) have no history of emigration and others (such as Mauritius and Sao Tome) have poor access to large metropolitan states, for each of these emigration is likely to be of greater future importance. 'The economic pull is a permanent feature; legislative pull, though, is the key' (Cooper, 1985:743; cf. Pastor, 1987) hence migration and development are partly a function of metropolitan decisions over which islanders and their governments have little control. Emigration is likely to remain one key aspiration of islanders.

## 5. AGRICULTURE AND RURAL DEVELOPMENT

Without exception IMS were historically characterised by their agricultural economies, a situation which continued until well into the twentieth century. Virtually nowhere is this still true, except in terms of employment where it usually remains the most important sector. However there are vast historic differences between the more autonomous Pacific islands and those of the Indian and Atlantic Oceans and the Caribbean where islands were populated by European settlers and their slaves, developing plantation agriculture, supported by external funds and thus never having to adjust to a life of subsistence broadly within the ecological limits of the island environment (Newitt, 1984:95; Benedict and Benedict, 1982; Dommen and Hein, 1985:155-6). In Sao Tome and Principe growing food crops was actually forbidden in the five hundred year colonial period (Dommen and Hein, 1985:176). The structure of plantation economies limited the contribution of agriculture to development, because of primarily foreign ownership, the high import content of plantation investment, the high consumer import propensity, their export orientation and their minimal contribution to skill formation (Beckford, 1972). In every case surpluses were not invested in the IMS, domestic savings were inadequate to generate industrial growth and colonial policy-makers were uninterested in such a transformation; in the post-independence era national demands for industrial development coincided with stagnating agriculture, rising imports and inadequate savings.

The postwar expansion of cash cropping in the South Pacific IMS has brought these states closer to the situation of most other IMS where the plantation capitalism of the nineteenth century had frozen land ownership, and resulted in the bulk of income being dependent on global markets over which they had no control. In most IMS, as in the Comoros, 'two economies therefore grew up side by side; the first that of the plantation companies and the fringe of French administrators and military personnel who imported all that they required and exported plantation products; the second, the subsistence economy of the native Comorians, increasingly under pressure from loss of land and population growth' (Newitt, 1984:100). Labour linked the two sectors in a structure of dual dependence. Large-scale estate and plantation agriculture continues to characterise most IMS; the attendant problems of monoculture, management, environmental degradation and the marginalisation of a poorly-paid workforce, have contributed to post-independence decay and destruction of many plantation systems, and resulted in most IMS governments struggling either to manage nationalised systems (eg. Brierley, 1985a), achieve land reform or attempt to diversify cash crops and stimulate food production (eg. Alladin, 1986). Few have had much success. The inheritance of plantation systems has proved to be a burden rather than a blessing though this has not prevented IMS from experimenting with plantation-type schemes for new crops such as oil palm or even rice (eg. Juvik, 1987). Consequently land reform is important in several IMS, given both the certainty that small farms are more efficient than larger farms (especially in conserving fossil fuel energy) and that where there is access to land, as in most Pacific IMS and Mauritius, family farming has played a substantial role in economic development. It is more responsive to price changes and more able to develop linkages with other sectors of the economy, such as tourism. In other contexts, including parts of the Pacific such as the Solomon Islands (eg. Frazer, 1986) more efficient machinery for regulating land disputes would now be relevant. Access to land is obviously critical to agricultural development.

The three IMS with the most severe agricultural problems are Cape Verde, Sao Tome, and Comoros, though in atoll states like the Maldives, Tuvalu and Kiribati there are problems of high levels of food dependency. Cape Verde faces recurrent famine problems and expansion of agriculture is constrained by steep, rocky

terrain and low, erratic rainfall causing structural deficits in basic foodstuffs. It is argued to have the most critical carrying capacity of all LDCs (UNCTAD, 1986b:81) and, even in 1967, before the long cycle of drought, national agricultural production only covered 70 per cent of local food requirements. In the drought years it barely covered 10 per cent. Cape Verde has consequently been a major recipient of food aid which has been vital to maintain nutrition standards and has had a positive effect on both the control of desertification and unemployment, since food sales permit public investment programmes which have also reduced rural-urban migration (UNCTAD, 1985:114). Indeed in 1985 some 45 per cent of the workforce were considered to be in 'temporary employment,' engaged in activities almost entirely financed through food aid programmes (UNCTAD, 1986a:4). Sao Tome faces a different kind of problem in its inheritance of a colonial plantation system that gave virtually no scope for food production, hence almost all food must be imported. Restructuring of the agricultural sector is thus important and there has been a substantial increase in shifting cultivation in the post-independence era; whereas 90 per cent of all food was imported in the Portuguese era this population has now fallen to 42 per cent, though this still represents more than two-thirds of the value of exports (UNCTAD, 1986b:299; Eyzaguirre, 1986). Comoros is also far away from food self-sufficiency and diets and health are often inadequate; though the growth of food crop production has recently outstripped population growth rates Cyclone Elinah in 1983 caused some agricultural problems. Agriculture takes place on 40 degree slopes without fertiliser and in conditions of considerable erosion. In the atoll states coralline soils, limited cultivable land areas and (in Kiribati at least) land tenure have limited agricultural development. Despite these kinds of problems the Maldives government is intent on achieving self-sufficiency in fruit, vegetables and rice substitutes (UNCTAD, 1985:164). In this group of IMS particularly it is essential for governments to aim towards greater self-sufficiency in basic foodstuffs since these IMS are particularly poorly placed to purchase food imports (without severe balance of payments problems) and must, in the case of Cape Verde, move away from the uncertainties of irregular food aid distribution. Paradoxically they are also the least well-placed to achieve self-sufficiency.

In the Caribbean both food crop and export crop production have declined, a result of various factors including droughts, floods, fires (especially in sugar) and hurricanes, crop diseases and declining soil fertility, industrial disputes and labour shortages, foreign exchange problems, shortages of chemicals and machinery, loss of agricultural land, political instability, advancing age of farmers, lack of physical planning and technical services, poor technology (Axline, 1986:57; Gumbs, 1981; Hope, 1981) and urban bias in commodity prices (Brookfield, 1978:272). Higher wages in the industrial and tourist sectors, combined with an increasing disdain for agricultural work have produced rising unemployment alongside agricultural labour shortages (Axline, 1986:52) a function of increasing relative deprivation in the agricultural sector. Broadly the same is true in the Pacific. In rural Vanuatu, for example, almost no-one is willing to be a 'full-time anything' hence there and elsewhere islanders remain intermittent producers following a familiar 'targetting' pattern (Rodman, 1987b:713-715, 1987a:137ff). Whilst evidence on the relationship between agricultural production and population increase is extremely difficult to evaluate it has been argued that for five of the larger Pacific IMS (Fiji, Solomon Islands, Tonga, Vanuatu and Western Samoa), over the period 1965-1978, none increased food production at a greater rate than population increase and all were far behind world averages (Yang, 1979:3). The same was true in Jamaica and Trinidad and Tobago (McIntosh and Manchew, 1985), elsewhere in the Caribbean (cf. Hope, 1981) and in Comoros and Seychelles. The failure of the agricultural sector to respond to increasing demand for food can be attributed to a number of factors. Firstly, the pattern of specialisation, developed primarily under colonial rule, emphasized a

very small number of export crops (such as sugar) and infrastructure has been concentrated in those areas. Secondly, public and private financial institutions have directed capital for agriculture into these areas; in Fiji, for example, 75 per cent of the loans in the agricultural sector have been in the sugar sector (Sharma, 1985:54). Thirdly, rates of investment in agriculture have been generally low. Fourthly, population growth, especially in urban areas, has been rapid. Fifthly, there have been land tenure problems in most IMS. Again, in Fiji, over 70 per cent of farmers use communal land and, 'since they are unable to offer collateral for borrowing, they are ineligible for most forms of credit and are generally ignored by extension services' (Sharma, 1985:56). One further explanation is the migration of agricultural producers to urban areas and hence the decline of the agricultural labour force, ultimately resulting in static or falling production and substantial, costly and increasing food imports (Connell, 1984a).

Food and beverage imports are proportionately high, crudely summarised as a situation of 'food dependency' (McGee, 1975), representing more than a third of all imports by value in Cape Verde, Comoros, Dominica, Grenada, Kiribati, St. Kitts-Nevis, St. Vincent, Sao Tome, Tuvalu and perhaps elsewhere (eg. Thompson, 1985). Food dependency or 'dietary colonialism' has both encouraged substantial trade imbalances and resulted in the decline of subsistence agricultural systems. This has often followed increased cash crop development, and has often produced both a decline in absolute food production per capita and in the variety of planted species, thus simultaneously encouraging dependence on the flexible prices of world commodity markets and a reduction in the ability of traditional agricultural systems to withstand hazards, which although relatively infrequent are occasionally devastating (Currey 1980). Again this tends to be true especially for smaller island communities. The simultaneous decline in subsistence agricultural production and growing consumption of imported foods (especially tinned meat and fish, rice, biscuits and flour) both by reducing the regularity of food consumption (as cash flows are variable) and increasing the consumption of sugar especially has substantially increased the incidence of diet-related diseases such as diabetes (Ward and Hau'ofa 1980:39-48; Paul, 1987:37-8).

Subsistence agriculture has universally declined, and there has been a transition away from labour-intensive crops, especially in atoll environments, where historic ecological and nutritional diversity was extremely limited (Alkire, 1978; Momsen, 1986:55), towards crops like cassava, often at the expense of rural nutrition (Thaman and Thomas, 1985). The transition has been slower in the more densely populated Caribbean (Brookfield, 1984:153-4) and the Indian Ocean islands. In some circumstances, where emigration has not acted as a safety-valve, as in the Seychelles, 'there is simply not enough land to provide either subsistence or the cash crops to buy subsistence' (Benedict and Benedict, 1982:109) or in Comoros, where very high population pressure on resources has resulted in erosion and declining per capita food production levels (Newitt, 1984:104), as true in lagoons and coastal waters as on the land (Hau'ofa, 1977). Land tenure has slowed the development of some forms of agriculture and increasing population pressure on resources, and the devotion to cash crops, have contributed to increasing inequality in land ownership (e.g. Rodman, 1984; Thompson, 1985). In Cape Verde many peasants are landless. Even on Taveuni island (Fiji), where population densities are low, inequalities in land ownership are argued to be of Latin American proportions, resulting in a 'severe land shortage in Taveuni and a large unsatisfied demand for land' (Brookfield, 1979:45). Such inequalities and land shortages occur even in situations of high emigration rates. There are however occasional exceptions. Recent work in Barbados suggests that vegetable production, using such modern techniques as chemical fertilisers and spray irrigation, and specialist chicken farms, are expanding at the expense of more extensive sugar cane cultivation. More young men were taking up farming (Aspinall and Momsen, 1987). Though the profitability of sugar cultivation in

Barbados has declined, the significance of remittances is lower than in other Caribbean IMS and there is a relatively large and affluent urban market, it is not otherwise apparent why horticulture should have expanded, or why it has occurred there, but less frequently elsewhere. In other IMS such trends tend to be localised, because of the small size of the local market.

Migration and the movement into local wage labour have nonetheless contributed to a general decline in the use of marginal and distant land. In parts of Fiji migration had resulted in a declining area of cultivated land by the 1950's (Ward, 1961:270). In the Caribbean the same pattern has been true (Gmelch, 1980; Rubenstein, 1983) and several Caribbean islands, such as Antigua, St. Lucia and Grenada, have as much as a third of their potential agricultural land lying idle; other factors that have contributed to this include patterns of inheritance (and 'parcelization'), price fluctuations, 'modern' education and resultant labour shortages (Brierley, 1985a; Rubenstein, 1975; Thorndike, 1985:101). In classic plantation economies, such as those of the two Atlantic states, Sao Tome and Cape Verde, landlessness is extensive and land reform desirable. Migration has been generally biased towards males, both increasing the dependency ratio in IMS, imposing considerable pressure on the remaining producers, and leading to a more obviously female population. The Seychelles however is dominated by female migration (Franda 1982) but elsewhere such a bias is rare. In extreme cases this migration structure has produced, as in Comoros, a 'chronic imbalance between the sexes' (Newitt, 1984:79), and imposed heavy burdens on the remaining women (Connell, 1984c), often leading to declining agricultural production (Momsen, 1986:53). However only in exceptional circumstances, in colonies and not independent states (eg. Connell, 1980:246; Manners, 1965:185-6), has subsistence agriculture effectively disappeared as a result of cash inflows of different kinds. The processes of agricultural decline that have gone on earlier elsewhere, notably in the Caribbean, are being replicated on the small islands of the Indian and Pacific oceans and especially on those where international migration has been common. Migration and remittances have emphasized the trend towards the disintensification of the traditional agricultural system (Brookfield 1972; Lea 1972) that has essentially followed the expansion of cash cropping. These trends are being maintained, and even exacerbated, by rapid urbanisation, whereas increased urban demand might have been expected to stimulate rural production.

IMS are highly susceptible to fluctuations in global commodity prices but, especially as small producers with minimal diversity and trade deficits, can exert little influence on those prices. This is even true of Comoros, 90 per cent of whose exports are three relatively uncommon agricultural products: vanilla, cloves and ylang-ylang. The world price of ylang-ylang depends on the economic situation of the perfume industry in developed countries: 'although Comoros supply 90 per cent of world production the country is not in a position to set market prices because of strong competition from synthetic products' (UNCTAD, 1986b:299). However vanilla is currently attracting high market prices and has been recently successful in Tonga and elsewhere in the Pacific. Nonetheless even some larger states, including Mauritius, are exceptionally dependent on a single commodity. In atoll economies, such as Tuvalu and the Maldives, copra is virtually the sole export. In Sao Tome, where cocoa is the only significant source of foreign exchange, collapses in cocoa prices have had drastic repercussions throughout the economy (Hodges, 1986), while the similar 'Caribbean sugar crisis' in St. Kitts and Barbados (MacDonald and Demetrius, 1986) has also been experienced in Fiji. Cash cropping is only slowly growing although, in parts of the Caribbean at least, marijuana is an expanding cash crop (Kelly, 1986), and kava is a similar kind of crop in parts of the Pacific (eg. Sofer, 1985a). In parts of the Caribbean the drug trade contributes a very substantial part of the income of some IMS, notably the Bahamas and the Turks and Caicos Islands, through the transit trade between South and North America. This is now beginning in the

south-west Pacific, but the market in Australia and New Zealand is much smaller than that in North America. In Jamaica the production of ganja (marijuana) in the inland 'cockpit' country constitutes the single most important export by value though no statistics record this fact. In the Federated States of Micronesia the only currently exported agricultural products, apart from copra, are betel nuts from Yap State. In Palau marijuana cultivation has rapidly expanded and is the most valuable export (Connell, 1987d). Not surprisingly there is rarely any reliable data on the economic benefits (and social costs, including income inequality and drug dependence) of this trade but its considerable significance in a number of IMS suggests that it is unlikely to be of declining importance in the future. Despite official concern over its impact, it is more likely to grow in importance. This is one agricultural sector that has not been affected by low or adverse movements in commodity prices.

At the root of the economic problems of IMS is their dependence on commodity exports in a world in which primary commodity prices have collapsed. The Dow-Jones commodities index fell from a peak of 219 in January 1980 to 112.5 late in 1986. The falling real price of commodities has contributed to a considerable decline in purchasing power. Even where agricultural commodity prices have not fallen, productivity has not increased (often through inadequate maintenance and replanting) hence output has not generally risen. On balance price fluctuations in the 1980s have led to declining agricultural incomes in IMS. Moreover, since agricultural producers are price-responsive, downward-trending prices have discouraged increased production levels to offset falling prices. In the case of cocoa, one of the more favoured cash crops (especially in the south-west Pacific), though it offers higher incomes than many cash crops (and has generated considerable wealth in the eastern islands of Papua New Guinea) world supply continues to increase faster than demand. At the end of 1987 world prices were at their lowest level for five years and there was global discussion of production quotas. This is a particular problem for Sao Tome and, to a lesser extent, Western Samoa, since in both countries production has substantially fallen in recent years. High yielding varieties were developed in the early 1970s and extensive new plantings undertaken in a number of large countries (including Brazil, Ivory Coast and Malaysia) hence the future income-generating capacity of cocoa is uncertain, and caution has been urged for major new plantations (Charle, 1986:26) such as those currently underway in Vanuatu. Free trade prices have thus worsened conventional commercial agricultural development in most developing countries.

National 'pricing policies have favoured export crops and have been geared to meeting 'the political needs of low consumer prices' (Axline, 1986:57; cf. Lipton, 1975) so discouraging domestic food production for local markets. Infrastructure inadequacies, and declines in local transport systems, have further discouraged agricultural and fisheries development and thus have failed to encourage import substitution and domestic investment. There is nevertheless a powerful tendency in IMS to look to agricultural exports as the key to future economic growth, primarily because there is capacity to produce and market such goods (some locally) and it has generally been possible to identify such markets. However there are disadvantages to this, including ecological problems, especially through monocropping. Traditional export crops are identical in many IMS, and also identical to crops produced in larger tropical countries where there are greater economies of scale and better and cheaper access to markets. However in many cases (as for sugar) IMS have been able to negotiate bilateral agreements that give special advantages and avoid competing at global price levels hence emphasizing the concentration on export crops. This is particularly true of Mauritius which had unusually liberal access to the European Economic Community (EEC) sugar market: 'Mauritius was assured a market (mainly British) at a high guaranteed price for 500,000 tons annually, more than a third of the total African, Caribbean

and Pacific quota for the EEC' (Minogue, 1987:130). Similarly Mauritius and other countries have been able to negotiate special export quotas with the USA; this has not been without problems (Latham-Koenig, 1984:170) though the capital inflows from this special arrangement enabled Mauritius to set up a relatively successful export-oriented manufacturing industry (see Chapter 7 below). These kinds of special agreements are likely to be increasingly essential in some IMS.

The principal international commodity agreements that influence agriculture in IMS are those negotiated for the African-Caribbean-Pacific (ACP) countries with the EEC. The most important of these is STABEX which is a commodity-specific arrangement, initially established under the first Lomé Convention of 1985, that provides compensation to individual countries associated with the EEC for shortfalls in their export earnings from that commodity. The Lomé Convention covers all the IMS discussed here, and also French, Dutch and British colonies, with the single exception of the Maldives. The STABEX provisions have been particularly important for sugar, since the EEC price far exceeds the world price, and less important for other commodities such as bananas. Eighteen countries benefit from the EEC's sugar protocol, including Barbados, Fiji, Mauritius and St. Kitts-Nevis, which insulates these producers from world prices and also destabilises the unrestricted world sugar market (World Bank, 1986:143) though some 84 per cent of all sugar is sold under contract (World Bank, 1987:9). If overall the economic effects of the Lomé Convention are relatively limited they have been particularly substantial for IMS sugar producers. Fiji, for example, sells three quarters of its sugar production under favourably priced contracts (World Bank, 1987b:11), mainly to the EEC, hence 'Fiji's experience with long-term sugar supply contracts within the EEC under Lomé is worth considering by other countries for their own products. This arrangement has given Fiji a degree of price stability and security and has achieved, in recent years, prices above the world market average' (Fairbairn, 1985:991; cf. ESCAP, 1983:70). A number of IMS have been able to make special bilateral trade agreements, notably for sugar sales to the USA, and recent agreements with the United States have given Fiji import quotas at prices around four times those in the international market (Dorrance *et al.*, 1987:3). However cutbacks to US sugar imports for both 1987 and 1988 have been a severe setback to several countries, especially those in the Caribbean. However, where agreements have been maintained, sugar is a relatively attractive tropical crop because of its ability to withstand flood, droughts, hurricanes, pests and disease; as in the Caribbean 'the misery of growing cane is nothing compared to the misery of growing other crops' (quoted in World Bank, 1987b:3). If sugar is never likely to be a dynamic sector in IMS it is likely to remain important, especially in those of strategic significance.

For some agricultural products, other than sugar, such as copra and bananas, the EEC market 'has not been adequately exploited' (Cole and Parry, 1986:10) hence there are opportunities for increasing agricultural exports under protected conditions. IMS are however still disadvantaged in comparison with mainland African states which have better transport access to the EEC. In some IMS, for example St. Lucia, agricultural exports have however increased significantly in the 1980s, with a trend towards diversification and the identification of a greater range of markets. The agricultural sector had thus developed faster than other sectors of the island's economy partly as a result of the Lomé III agreement with the EEC, and its STABEX provisions, and also through the Caribbean Basin Initiative of 1983, which gave 23 Caribbean states duty-free access for most of their exports to the USA. 'Most exports of primary commodities from the OECS [Organisation of Eastern Caribbean States] are not traded on the world market, but under negotiated trade agreements involving fixed quotas and negotiated prices. The markets for these commodities are however stagnant and there are severe limitations to increasing foreign exchange earnings. The exception to this is high valued primary commodities such as exotic fruit and vegetables' (Chase,



George and Francois, 1987:13). Rather optimistic proposals have also been made for Fiji along the same lines (World Bank, 1987b:98-103). Away from particularly favoured commodities, such as sugar, the prospects are more limited but St. Lucia's success does demonstrate the availability of existing opportunities to respond to artificially higher prices. In a sense 'this process of subsidy amounts to a type of annually renewable aid package. But this is no ordinary aid package. Instead it is an aid package operated and administered by the full machinery of a national economy. This is aid with dignity' (Taylor, 1987a:3). Thus Fiji, like other IMS, has no genuine comparative advantage in sugar production (as some assumptions about efficiency suggest) but, in fact, has 'a comparative advantage in the garnering of subsidies and long-term and short-term contracts for whatever it produces' (Taylor, 1987a:10). Protected markets and subsidised prices have been crucial to agricultural development in IMS.

By contrast, in the poorest IMS, with commodities that are not subject to particular agreements, trading conditions may be devastating. World speculation in clove prices, in the absence of commodity agreements, resulted in the Comoros nearly being 'wiped out', whereas STABEX transfers, according to the Production Minister, Mohammed Ali, 'played a crucial and indispensable role. Stabex has given us time to get our breath back, if you like, at a difficult time...The failing sales of our main cash crops have been a harsh blow that has encouraged us to try to diversify our economy more' (quoted in The Courier, 98, July-August 1986, pp.29-20). In exceptional circumstances STABEX enables diversification rather than encourages inertia, though more generally STABEX 'seems likely to encourage excessive production of covered commodities, especially those that have the greatest market risk' (World Bank, 1986:140). It does however enable some IMS to survive, as in Fiji, where 'subsidised prices and guaranteed markets have cushioned the country from the worst effects of its internal divisions and tensions' (Taylor, 1987a:12) and from real fluctuations in world market prices.

There are however costs to trade policies that have secured and maintained preferential access for traditional crops (such as sugar) that result from these preferences reinforcing the rigidity of the agricultural system rather than encouraging adjustment to products with better demand and price. This is particularly the case where land is in short supply hence must first be released from the protected crop (Persaud, 1987:6). This is certainly true of some Caribbean IMS, such as St. Kitts-Nevis, but even there research is going on into land conversion. This kind of protectionism is less significant in Pacific IMS where land is more likely to be in surplus. Moreover in most IMS this protectionism reduces the probability that development planning will focus on the food production component of the agricultural sector. It also means that IMS governments can give little support to Lipton's dictum, 'if you wish for industrialisation, prepare to develop agriculture' (Lipton, 1977:24) since there are only limited linkages with the industrial sector. On balance however the high and stable prices paid for crops that are currently grown in the IMS appear to have overcome anxieties about longer term agricultural diversification. Moreover there is some probability that preferential access for most IMS will continue; this has been well described for Fiji:

In a free-market world the comparative advantage of Fiji's farmers would sustain its principal exports, but at highly volatile returns owing to the sensitivity of world markets. The future would be one of constant stress, demanding all sorts of protective internal transfer measures to keep agricultural industries and the whole economy afloat. However, Fiji is also part of another world in which economic considerations do not have first place. The Lomé Agreement, under which European over-suppliers support some of the production of their formerly colonial over-suppliers, is a striking illustration of behaviour in this world. Fiji's membership in the

Africa-Caribbean-Pacific group assures it of the benefits which come from a conviction that it is politically necessary to keep the economies of these countries buoyant to avoid their descent into poverty, revolution and a shift in their allegiances. The survival of Fiji as a relatively prosperous, relatively stable cornerstone in a strategically delicate South Pacific is of importance to all the larger circum-Pacific countries, and to countries as far away as Europe. If Fiji needs to sell its exports in order to retain at least some development momentum, this strategic factor will ensure that those exports will be sold. Present trends in the geopolitics of the Pacific are Fiji's strongest guarantee of future export performance (Brookfield, 1987:56-57).

For the moment those IMS that are able to produce appropriate agricultural commodities, and gain access to preferential prices, can assume that these prices will not decline dramatically.

Where crops that attract preferences cannot easily be grown the situation is quite different. It is symptomatic of the problems of agricultural development in the more remote IMS, especially in the Pacific, that one review of agricultural exports in the region concluded that, 'despite the fact that real prices remain near historic lows, improvements in the production, transport and marketing of coconut and coconut products probably offer the best short-run prospect for general improvements in trade balances in the region and the best short run means for improving the economic well-being of the region's families' (Charle, 1986:25). Improved cultivation practice and new species adopted elsewhere are essential to this transformation, which could triple existing copra production (Brookfield, 1987:55) though, in more remote islands, even this kind of change would not revive the declining agricultural economy (eg. Bayliss-Smith, 1986:47). However it is important to note that although there are many centrally-managed coconut plantations and estates in IMS, the increased sale of coconut products can contribute to ensuring that export earnings are more widely spread since coconut palm ownership too is widely spread. Ultimately, though 'long-run prospects for the export of coconut products offer little hope that they might provide a basis for financing major new capital development in the region' (Charle, 1986:26). Outer islands, and the atoll IMS, will thus be unlikely to share in the benefits of protected prices, which currently do not sustain copra prices at high levels, despite EEC support for copra marketing boards.

The disadvantages and limited prospects of agricultural development beyond 'protected' crops have convinced many observers that a continued focus on increased agricultural production in national development strategies for IMS may be unwise. Thus a review of South Pacific trade concluded that 'the expansion of manufacturing capacity should be encouraged to offset diminishing returns to land. In this effort the guide should probably be the successful experience of East Asian countries which had adapted outward-looking, export-oriented industrialisation rather than import-substitution industrialisation' (Charle, 1986:30). How this might be achieved was unstated and, as is discussed subsequently (Chapter 7), industrialisation of any kind, especially in the Pacific IMS, has been limited in its achievements. Similarly, it has been argued that the development path for small economies exporting non-subsistence goods (such as cash crops) and thus specialising in international trade and production is more risky if this specialisation encourages dependence on imported goods, leading to IMS reaching 'unsustainable development and population levels and [so] be faced eventually with traumatic economic and demographic adjustment problems if export markets collapse' (Tisdell and Fairbairn, 1984:240). However the limitations to industrial development and the strategic support for some agricultural exports from IMS suggest that there are more prospects for agricultural development in IMS than are usually recognised in these kinds of arguments.

Subsistence agriculture is usually also of importance for two main reasons. Firstly, it directly provides fresh food to local households (and markets) and thus has an important role in maintaining or raising nutritional levels. Secondly it insulates households and national economies in IMS from the vagaries of international price fluctuations and so provides a 'subsistence safety net' (Taylor, 1987a) for rural households and small island states. Despite the allure of export commodity production, tourism, industrialisation and other 'primrose paths' (Geddes *et al.*, 1982:142) for development strategies, and despite conclusions on the relative success of strategies of incorporation and integration reached elsewhere in this monograph, it remains true that the bulk of rural populations in IMS are partly dependent on household agricultural production for subsistence and survival and hence that support for subsistence agriculture and artisanal fisheries (Chapter 6 below) should be at the forefront of national development strategies. For this it is crucial to develop (and maintain) transport infrastructure (eg. Kunert, 1986), undertake research on food crops (rather than on cash crops, as is so often the case), examine the provision of import duties and quotas on some (but not all) imported foods, promote local foodstuffs in hotels and on national airlines and provide improved extension services. Increased food production is crucial to agricultural development and rural income strategies since, without this, no rural poverty eradication or urban fair-price strategy would be effective for long, without either a large and growing non-agricultural export sector (which is rare in IMS) or secure access to food aid (UNCTAD, 1986b:46). All IMS can, and should, invest more funds and expertise into agricultural development, primarily through a greater focus on root crop research, a greater commitment to extension services for food crops rather than cash crops (and especially cattle husbandry), to in-service training of extension workers and land reform, where this is relevant. Further emphasis must be placed on tariff restrictions and import restrictions on foods that can be, and are, produced locally, in order to reduce the volume and expense of food imports. More effective credit is also important (Cole and Parry, 1986; Persaud, 1987). These are not new proposals, nor are they comprehensive. That they need to be stated again is that a basic development goal of adequate health and nutrition is often not being met and IMS governments have tended to be concerned with more visible and short-term development policies, whilst paying lip-service to this goal. Cooperation on banana research has been successful in eastern Caribbean IMS (Persaud, 1987) and there is no reason why research findings could not be diffused more widely from this area, and such cooperation not be a model for other regions. Increase in agricultural productivity would follow an expansion in research effort on new crops, varieties, combinations and techniques. Most agricultural research has taken place in larger states and the knowledge has only slowly diffused to IMS whilst international research on root crops has, in any case, been limited in its extent. The small size of IMS and the wide variation in ecological conditions have also restricted the utility of the limited research carried out within IMS, and hence have ensured that IMS remain at a competitive disadvantage. Nevertheless though such policies and programmes are well within the capacity of most IMS, and can be supported by overseas development assistance, it is apparent that for a wide range of reasons, discussed here and elsewhere in this monograph, it will be extremely difficult to redirect the present trajectory of development in IMS.

In a wider context the principal focus of rural development in IMS must also lie in the provision of economic and social opportunities, whether in the villages themselves or in small towns or central places that offer competing poles of attraction to the capital. Migration to town is unlikely to slow until urban-rural social and economic inequalities are reduced; this may occur naturally in some places simply as urban unemployment rises. In small South Pacific IMS, where rural agricultural opportunities are virtually ubiquitous, there is some evidence of this occurring, but at the cost of rising fertility. In practice, development policies

within most IMS have tended not to give real priority to rural development hence effective rural development must reverse the 'urban conspiracy' (Crocombe, 1978) through the allocation of more financial and technical resources to rural areas, which may involve a change in the structure of economic and political power, both local and national, and a change in attitudes. Given more than lingering demands for the prestige associated with modernisation, westernisation and urban-industrial development, and the difficulties attached to establishing rural projects (which are rarely prestigious) and where concerted comprehensive policy formation in loosely structured democratic states is already difficult to achieve (and development plans are sometimes non-existent) this is inherently unlikely to be widely achieved. Indeed the Tongan economist Feleti Sevele (1982) argues that most IMS governments in the South Pacific region have neither the political will nor competence to face up to and think through the real issues of rural development.

Rural development is an integrated process because of the nature of the rural community - low levels of specialisation, the combination of economic and social interests and the significance of group (clan, lineage, village) interests compared with individual or family interests. Moreover sectoral elements in rural development are closely linked; health, education, employment and hence migration are all related. Changes in one of these elements have repercussions throughout the local economy and society. The components of rural development are consequently varied. Most obviously, rural development involves physical and social infrastructure - transport (wharfs, feeder roads and vehicles, perhaps with subsidised fuel costs), water supply, health aid posts, schools (whose curriculum is a subject for debate). Going beyond these needs, each of which contribute towards income generation, are additional wants, such as entertainment facilities, including cinemas, video screens (such as are being diffused in French Polynesia), television (as is planned in Niue to minimise international migration), youth clubs and sport facilities. What is important is that there be a will to develop outlying areas and provide them with the infrastructure and income-earning opportunities that are an accepted part of urban life. Greater 'rural bias' is important for economic, and also cultural and political, reasons. However the expense of universal provision of infrastructure on any comprehensive scale is obviously beyond the capacity of most IMS, especially since most are highly fragmented multi-island states spread over vast areas, hence difficult questions of priority are involved.

Whilst infrastructure developments contribute directly to the improvement of social conditions in rural areas and only indirectly to the generation of income earning opportunities (except in the provision of jobs for health aides, teachers and so on) there are also development strategies that may contribute directly to income generation. All of these are in some respect institutional, dependent on political decisions made at local and national level. Their range is potentially great. They may vary from direct intervention through price support for rural products (which is hard to administer, necessitates marketing boards and possible import restrictions for competitive foodstuffs) or indirect intervention (for example via Development Bank loans, or other credit schemes, which enable technological innovation or land improvement and agricultural extension) each of which are policies that are determined essentially at national level. They also include policies such as the reform of land tenure, or the taxation of agricultural land, which demand local-national cooperation. The range of such policies, which are also relevant to fishery, forestry, handicraft and small business development, are considerable, variable from place to place and sometimes costly.

There are some elements of urban 'restraint' that may accompany rural development. Again the range of these is considerable: disinvestment in urban infrastructure, restriction of access to urban education and housing, the regular

circulation of administrators (to avoid the attitude that rural placements are punitive) and so on. The possibility of generating urban health problems and a massive intra-urban inequality (especially when only some of the urban population are migrants), plus the urban location of the most important pressure groups in each country make 'anti-urban' policies difficult to propose and even more difficult to implement. Rural development is therefore more likely to depend on positive rural policies rather than negative urban policies, to provide in rural areas the infrastructure and income-earning opportunities that are an accepted part of urban life.

It is not possible to indicate in any detail here the nature of changes that might contribute to successful rural development. Everywhere there are some opportunities for rural development although some IMS (Tuvalu, Tokelau and perhaps the Marshall Islands, the Maldives and Kiribati) have a very limited choice and some atolls have almost no choice. There is often a particular need for politicians, administrators and planners with the ability and commitment to institute, and above all ensure the continuity of, both strategies and projects. However, since rural development is necessarily integrated the details of rural development strategies are important; as Sevele concludes for a number of South Pacific IMS: 'While the various Development Plans do set out some targets (for rural employment creation) some of them do not contain any outline of precisely in what sector and how the required employment opportunities are to be created' (1979:34). Without adequate planning and the integration of development strategies results are likely to be disappointing. One general review of the relationship between rural-urban migration and development concluded: 'it appears that the rural-oriented activities of international development agencies stimulate additional rural-urban migration. Despite a focus on the rural poor, the benefits of projects often accrue to more well-off rural residents; increased inequality in rural areas may lead to additional urban migration' (Rhoda, 1979:53). Though this is a critique of the wrong sort of rural development strategy, many such strategies were initially well-directed and clearly targeted. It does indicate that rural development is complex and cannot be carried out in isolation from other sectors of development strategy. It is particularly difficult to achieve IMS where urban centres are rarely far distant.

## 6. FISHERIES AND EXCLUSIVE ECONOMIC ZONES

Broadly the same kind of cumulative downward spiral that has affected agriculture has also affected artisanal fisheries in IMS though less dramatically (and less well documented) than in agriculture. By contrast the expanded Exclusive Economic Zones (EEZs) offer potential for large-scale development, especially in the vast Indian and Pacific Ocean areas. However the massive cost of modern fisheries vessels, technical skills, fuel costs and small, satiated and protected markets have all hampered growth. In many respects the development of fisheries is similar to the structure of industrial development (Chapter 7) with a transition from 'import-substitution' to 'export-promotion'. Much of this section discusses the Pacific IMS which lie in waters of greater fisheries potential than those around most IMS, and especially those in the Caribbean, where nutrition might best be improved by a greater emphasis on artisanal fisheries.

Considering the great extent of the fishing grounds that surround the coastlines of the IMS, and the often limited potential of agriculture, artisanal fishing is an extremely underdeveloped economic activity, though fish are an important (and valuable) part of coastal diets. In a number of countries government programmes to develop commercial fisheries have proved expensive failures, with high costs and low returns. In a larger country, Papua New Guinea, where conditions are similar to those in smaller nearby states, government programmes have been so disappointing that, despite considerable potential, no more are currently planned (Goodman, Lepani and Morawetz, 1985:81). In many atoll economies, contrary to widespread beliefs, the seas are limited in biomass, and fishery potential is slight. Several common problems have restricted artisanal fisheries development in IMS; these include overexploitation, uneconomic purchase of boats, gear and fuel, the pollution of coastal lagoons and the destruction of reef environments. In some IMS fishermen are regarded, much like farmers, as unworthy of serious government investment of energy and resources. In Mauritius, for example, there is reported to be an 'island-wide mentality to view traditional fishermen with undignified contempt and to blame their distress and misery on insufficient volition and salubrity' (Paul, 1987:144). Such attitudes are scarcely conducive to national investment in fisheries development.

Despite the potential contribution of fisheries to national development and nutrition throughout the IMS, the number of studies of fisheries development has been surprisingly small. This is one area where future study and research might contribute significantly to national development in IMS, as it appears to be now doing for the establishment of a giant clam industry (Tisdell, 1988), though overseas development assistance has generally favoured large-scale fisheries rather than artisanal operations (Kent, 1986). However local fisheries certainly appear to offer more development potential than in several other economic sectors.

Increased emphasis on small-scale fisheries in most IMS is appropriate since it uses existing skills, including those of women in many countries (eg. Lal and Slatyer, 1982; Schoeffel, 1985), is labour-intensive, both rural and urban-based, can be undertaken part-time or even seasonally, is usually enjoyed (relative to agriculture) in most IMS and can provide for a large domestic market that is also open to import substitution, can contribute significantly to nutrition and does not occupy valuable, and sometimes overcrowded land areas. Though this is true of most IMS it is not always the case that fishing is easy and undemanding. In Mauritius, where shallow lagoon waters have been over-exploited, returns are often low, costs are high and fishermen are leaving the industry: 'fishing is simply not remunerative enough for the common fisherman, especially under the control of the middleman who owns the boat and the equipment and with whom he has a debt-bondage relationship' (Paul, 1987:103). Most IMS are extraordinarily high consumers of imported fish (though such fish are often quite different from

local products) and, in the Caribbean especially, a high proportion of all protein is imported, in part a result of the supply of fresh fish being less than demand which, in the case of St. Vincent, has been a result of price controls, which encouraged black marketing and discouraged the expansion of the fishery (Adams, 1985) and in part a result of taboos on eating several kinds of edible fish, including shark (Adams, 1986; cf. Rodman, 1987b). Artisanal fisheries development requires island government assistance in the provision of a variety of services, such as infrastructure (including land and sea transport, freezer facilities at dock and market), fishing gear (notably Fish Aggregating Devices), boatbuilding services and credit, and also technical assistance in the identification and management of fisheries resources. In the Pacific much of this technical assistance has been provided by the South Pacific Commission (SPC), and this has been one of its most effective programmes. However the necessity for coordination in marketing from outer islands has been a critical constraint to the development of artisanal fisheries. In Kiribati, for example, all fish marketing from outer islands to the capital, Tarawa, is undertaken by the cooperative but 'purchasing by the cooperative begins and ends without warning and little assistance or encouragement is given with shipping and packing problems' (Geddes *et al.*, 1982:73). Consequently much fish is produced for subsistence production only as any surplus is more likely to rot than reach the market. However, here as elsewhere, providing a marketing infrastructure with few vessels and limited skilled manpower is extremely difficult.

It is not only access to markets that has constrained local fisheries development. In some countries, including Vanuatu, sea tenure is a constraint to the modernisation of artisanal fisheries; other factors that have limited the expansion of local fisheries have included frustration over some new inequalities (eg. in boat ownership) and also equalities (eg. young men doing well), uncertainty and mistrust over management, inadequate capital for equipment replacement costs and fish prices, hence considerable fluctuations in fishing efforts reduce effective market participation. At least one small-scale project in Vanuatu has been successful though one problem has been oversupply (Rodman, 1986, 1987b). In Grenada too mechanisation of artisanal fisheries also substantially boosted the local fishing industry; however although individual producers were more successful, they became dependent on the cooperative for marketing and other technical assistance even though fish production and marketing increased (Epple, 1977). However, in the Maldives, the mechanisation of artisanal fisheries actually led to a reduction in fish catches, partly because of fuel shortages, and led to reduced incomes (Sathiendrakumar and Tisdell, 1986:285-8). In parts of the Caribbean mechanisation has led to the depletion of some stocks towards the point of extinction (Berleant-Schiller, 1981:223). Crucial to success in Vanuatu was (some) government organisation, at least in the provision of infrastructure (including access to fuel and freezers), the existence of a substantial market, credit provisions and the support of an industrious overseas volunteer. Such conditions should not be unique to one island in Vanuatu yet successes in artisanal fisheries development appear few. A particular problem may well be that entry costs into artisanal fisheries can be quite high (boat purchase, oil, freezers, etc) but that, as in Vanuatu, islanders prefer to participate in the commercial economy on their own terms, in a similar manner to intermittent cash crop production, hence long-term success is unlikely until such time as 'second generation' capitalist fishermen emerge (Rodman, 1987b:724). Management is increasingly crucial in inner reef areas, close to more densely populated areas, where over-exploitation is occurring, both through normal harvesting and through the increasing use of dynamite and poison. In many areas however there is little knowledge of catch sizes and the effects of fishing on inner-reef stocks. Once again there is scope for further research, further government support and protection of artisanal fisheries against larger national and international operations (Dolman, 1986) that, in some cases, as in Kiribati and the Maldives,

have seriously depleted coastal resources and contributed to declining nutritional status. Integrated resource management and coastal surveillance (assisted by development assistance through the donation of patrol boats to Pacific IMS) are increasingly vital. The kinds of integrated approaches to artisanal fisheries developed in West Africa (FAO/DANIDA, 1984) are likely to be of value elsewhere, especially in the Caribbean IMS where 'the policy of most governments on fisheries has appeared to be in token form' (Walters, 1984) and far behind the attention given to agriculture.

There are some prospects for aquaculture in IMS, mainly in the Pacific, which have been reviewed elsewhere (Dolman, 1986), though the experience of Pacific IMS suggests that this is currently an extremely capital intensive activity that has been primarily successful in states like New Caledonia, where there has been massive French government subsidisation and an affluent local market (Uwate, 1984). In Mauritius there has been considerable expenditure on aquaculture, mainly of prawns, but the use of expensive overseas technology and expertise, which were then uneconomic, primarily resulted in the production of a luxury item that few could afford. The objective of producing reasonably priced and acceptable food, providing employment and conserving foreign exchange could not 'be met by diverting scarce resources for the production of less nutritious and highly expensive freshwater foods' (Paul, 1987:50). The technical skills that are involved currently limit the probability of successful development in most IMS (OTA, 1986) but with external assistance this situation may improve. For example there are prospects that aquaculture may be more successful in Mauritius, if the focus is shifted to such fish as tilapia, though pollution may prove to be a constraint (Paul, 1987:52-59), as it is elsewhere. Though every IMS offers some potential for aquaculture its high costs ensure that it is unlikely to become a development priority.

By contrast exploitation of the fisheries potential of the vast areas within the 200-mile EEZs of IMS is a much more challenging prospect. Current development potential is primarily restricted to the leasing of these areas to the deep water fishing vessels of distant, richer nations. International restructuring, incorporating more capital-intensive purse-seiners demanding sophisticated technical skills, at a time of global market saturation, and lack of onshore facilities, have further restricted the attempts of IMS to participate in this sector (Kearney, 1980). Depressed market prices throughout the 1980s have created problems for all countries with significant fisheries sectors. Moreover the EEC STABEX scheme, which provides concessionary finance for most agricultural exports, does not apply to exports of fish. This is obviously significant for several IMS, including Cape Verde where fish constitute 42 per cent of all export earnings (UNCTAD, 1986b:197), hence STABEX covers only 8 per cent of all Cape Verde's exports, one of the lowest proportions of all LDCs. By contrast STABEX covers 100 per cent of Sao Tome's exports and 78 per cent of Comoros exports (UNCTAD, 1986b:199) since fish are not important there. Thus IMS have been primarily dependent on free market prices for fisheries development and this may constitute a further reason for the limited development of national fisheries in IMS.

Only three IMS, Fiji, Mauritius and the Solomon Islands, have developed fisheries to the extent that they now operate nationally-owned or joint-venture canning factories (Dolman, 1985b: 134; Meltzoff and LiPuma, 1983). IMS have yet to gain significantly from the new EEZ legislation; moreover the countries of the Eastern Caribbean have acquired exclusive rights 'to some of the most biologically unproductive waters in the region' (Dolman, 1985a:58). In the Indian and Pacific Oceans the potential is greater, yet ocean space gains, because of non-existent technical capacity to exploit them, are more theoretical than real, and even policing these waters is extremely difficult. The importance of Pacific IMS has



been apparent in their inability to restrict illegal fishing (Sem, 1986) and 'for the foreseeable future the likelihood of developing internationally competitive national fishing industries is fairly minimal' (Sutherland, 1984:59). It is however one of the few realistic economic development prospects for this group of IMS and perhaps for some in the central Indian Ocean.

The fishing industry consequently remains primarily based outside the IMS; for example in the early 1980s Kiribati had only 4 national fishing vessels (Doulman, 1985b:54). Although there are now small fleets based in several Pacific IMS (including Kiribati, Solomon Islands, Tonga and Tuvalu), which have been established through bilateral aid programmes, capital ownership remains almost entirely in overseas hands, and catches are small relative to those of overseas fleets. Some of the world's largest TNCs are involved in tuna fishing and processing in the Pacific region, and some IMS have had their tuna development plans disrupted by the activities of TNCs (Doulman and Kearney, 1987:27). Few countries have enough control of the tuna resource and capital to construct their own processing facilities; where this is the case benefits other than licensing fees are virtually non-existent since there is no local processing, no use of local workers for fishing or other activities and minimal local ability to control the extent and locations of fishing activities. Even where countries have been able to develop processing facilities, as in Mauritius, there have been many difficulties (Clarke, 1986:23) hence most processing is undertaken in rich countries, or territories such as American Samoa. Fish prices are as flexible as cash crop prices; the collapse of export prices, and the withdrawal of Japanese fishing companies in 1982-83, led to the collapse of the promising Maldives fishing industry (Sathiendrakumar and Tisdell, 1986:281), though in the Pacific a similar collapse enabled Pacific IMS, through the South Pacific Forum Fisheries Agency, to eventually regulate the deprecadatory fishing activities of vessels of the American Tunaboat Association (Doulman, 1986) and achieve improved access fees. This change followed both a decline in the value of fish imports into the USA and an upward revision by the United States of the strategic importance of Pacific IMS, which partly followed the leasing of fishing rights by Kiribati to the Soviet Union (Doulman, 1987), and subsequently by Vanuatu to the Soviet Union. The signing of the Multilateral Fisheries Access Treaty in 1987 between the several members of the South Pacific Forum Fisheries Agency and the USA was a significant new development which guaranteed an income of \$US12 million per year over a five year period. Most countries have entered into some form of agreement with metropolitan states, or with the EEC (Clarke, 1986), for the leasing of national waters. However IMS, even with enlarged EEZs where stocks are largely unknown, are seeking to enter a depressed and highly protected market in competition with metropolitan producers, hence even licensing fees have failed to live up to expectations (Doulman, 1985b:137). Nevertheless IMS who do gain much income from fisheries, do it primarily through leasing their waters rather than through owning fishing fleets. Such fisheries access agreements have often had disappointing results (Waugh, 1987), but the acknowledgement of IMS sovereignty over migratory tuna species has been an important development. However the IMS countries receive less than 5 per cent of the value of catches in their waters in licence fees (Fairbairn, 1985:82). Though such returns are small, they constitute a major source of revenue for some IMS (though Kiribati has now lost its revenue from the Soviet Union), which could not be generated through other means (apart from overseas development assistance). Moreover international fisheries have no physical impact in the IMS (often being without shore bases) and hence have no impact on cultural change; but neither do they have any multiplier effect. High priority has been given to becoming involved in the tuna industry by most Pacific IMS, and joint ventures with Japanese corporations have proved more stable than leasing fisheries rights to U.S. ventures (Doulman and Kearney, 1987:31). To benefit further will demand greater regional cooperation between IMS (Clark, 1984) and further external technical assistance.

Prospects for the marine mining industry, currently anticipated to be based around manganese nodules in the eastern Pacific (Halbach and Fellerer, 1980), are much more limited than the prospects for deep water fisheries. Consequently no IMS, even in the Pacific (which is the one area of known submarine mineral potential) can expect any direct economic returns this century. However this conclusion depends on rapidly changing resource economics and extractive technology and is thus subject to potentially rapid revision. The future prospects, limited though they currently appear to be, have strengthened the desire of at least one colonial power, France, to retain its presence in this region, because of the potential around Clipperton Island (Marjoram, 1984), and of the United States to oppose the idea embodied in the Convention of the Law of the Sea that deep sea bed mining should be the subject of international scrutiny (Sutherland, 1984:59). There is no prospect that the IMS likely to be involved, with the possible exception of Fiji or perhaps Mauritius, will be able to extract such resources themselves and extraction will therefore depend on negotiating future lease rights. In the ocean areas, that are of the greatest potential to the future of IMS economies, development will primarily be undertaken by concessionary ventures.

## 7. INDUSTRIAL DEVELOPMENT

Few IMS are minerals producers. Fiji however is a significant gold producer and has gained from recent gold price increases though mining has contributed little more than 1 per cent of the GDP or of employment until recently. A substantial proportion of the industry is foreign-owned. For these reasons, and because the industry is capital-intensive, it is not regarded as a key area for contributing to new employment opportunities and has not been given detailed consideration in development planning. The nearby Solomon Islands has failed to make similar gains, through inadequate national control over the infant industry (and consequent smuggling). Vanuatu has some mining prospects but has not yet developed legislation that would enable external investors to participate in the industry on terms that they consider favourable. The minerals boom in nearby Papua New Guinea is however likely soon to spill over into these other parts of Melanesia, if they adopt versions of that country's legislation. But these are exceptions. The prospects for real gains from seabed resources in the EEZs (see Chapter 6) are, at the very best, in the distant future and any substantial reliance on mineral exports (other than gold) to provide a foundation for national economic growth in the next decade must also be regarded as hazardous. Mineral prices have been erratic and have risen only slowly. Resource based industrialisation in IMS is also likely to lead to relatively low revenue retention, heavy dependence on export markets, skilled labour shortages and severe 'Dutch disease' effects, a situation true of rather larger Trinidad and Tobago (Auty, 1986) and predicted to occur, following the minerals boom in Papua New Guinea. However for those few Pacific states where there is gold, and other mineral resources, developing the administrative and legislative framework for mining development should be given much higher priority.

The almost complete absence of mineral resources in IMS is paralleled by the virtually total lack of fossil fuels or other domestic energy resources. Isolation has thus meant that IMS have faced extremely high costs in meeting rising energy requirements, and energy is one of the largest components of most import bills. In Palau and the Marshall Islands these costs have been a massive drain on the national economy. In Truk (Federated States of Micronesia) the power station is extremely inefficient, because of the small market, and it costs three times more to generate electricity there than Truk earns from its major export of copra (Connell, 1987d). Such situations are not uncommon in other IMS and have thus led to some attempts to explore other indigenous resources, including ethanol from sugar-cane (which offers good prospects in several IMS), hydro-electric power and, most recently, the use of wave power stations, which are relatively appropriate for islands and isolated communities where the power grids are small. Tonga is currently examining the feasibility of this kind of system and other Pacific and Caribbean IMS have considered it. Although there are also other possibilities for local energy generation (Dolman, 1985a:61-62), few are likely to be economically feasible in the near future, hence substantial energy dependence, and delays in rural electrification programmes, are likely to continue.

As in the mining sector, exploitation of most raw materials is often characterised by the presence of foreign capital and hence transnational corporations. Transnational involvement in raw material exploitation is most marked in the Pacific, where timber, fish and minerals are more plentiful. There has been widespread criticism of timber exploitation, based on ecological devastation (clear-felling without replanting), minimal benefits (if any) to villagers owning the resources, capital-intensive operation, minimal local processing and exemption from legislation (Marjoram and Fleming, 1983; Shankman, 1978; Waddell, 1982). In the Caribbean there are virtually no timber exports other than in the Bahamas (Giacottino, 1987:183-4), and substantial imports, whilst in the South Pacific hardwood exports have passed their peak in most countries. However price

prospects for tropical hardwoods are excellent and for those countries with timber resources (such as the Solomon Islands and, perhaps, Fiji) this is likely to contribute to expanding export revenue and further import substitution. Small scale forestry projects, as in New Caledonia (Kohler, 1984:146-148), face problems of land tenure and capital availability (Watt, 1980). Conventional gains from rents, formal sector employment and skill gain, technology transfer, infrastructure and taxation, and especially market access, in circumstances where domestic capability is limited, are more apparent in other areas of transnational operations, though these are not without problems since, even when there are perceived disadvantages to TNCs, governments of IMS have only exceptionally been able to extract better concessions because of extreme dependence on the markets, incomes (and, less commonly, employment) generated by TNC activities.

Corporate interests have been heavily involved in most IMS from the very beginning of colonial rule, providing shipping lines, extracting resources, encouraging settlement and plantation development and dominating the commercial and business sector. Commercialism has gone hand-in-hand with colonialism and Christianity (Allen, 1968), with monetisation and most facets of modernisation. So pervasive has the role of overseas corporations been that it has been argued that 'the distortion of prices in the modern island economies is principally a function of corporate power, not government power, which results in countries like Fiji paying too little for their exports and paying too much for their imports' (Taylor, 1986b:83). Even in the area of 'duty-free' shopping and tourist goods, prices and even volumes of goods are manipulated to the disadvantage of local retailers (Britton, 1983). Moreover this kind of manipulation occurs outside the natural resources sector, where concessions are more likely to be won. TNCs can close unprofitable enterprises and move elsewhere, as in the Caribbean, in a process of 'island-hopping' (Kelly, 1986) as part of the flight from regulation. This mobility distinguishes the minimal integration of TNCs into national IMS economies, and stresses the enclave structure that marks integration into a global economy where island space and resources (human and natural) have minimal distinctiveness or significance.

For most IMS, other than those with Export Processing Zones (EPZs) (see below), industrial development is limited and is typical of import substitution industrialisation in the early phase of industrial development. However IMS have generally made some transition from the export of agricultural staples towards service and light manufacturing industries. In cases like those of the Bahamas, Bermuda and to a lesser extent Antigua (Henry, 1985), the agricultural system has virtually collapsed and been replaced by what are increasingly the 'quasi-staples' of light manufacturing and/or tourism. However, in contrast to larger world regions, industrialisation in IMS is largely absent, other, than of basic import-substitution and food processing industries, in part because of the limited resources, small domestic market, inaccessibility and the impossibility of economies of scale (Selwyn, 1975) and, in the Pacific, high wages, especially in competition with Asia. In practice it is the open economies, enabling cheap untaxed imports, and consumer tastes, that have discouraged domestic investment (and much foreign investment) rather than limited capital or skills, and much 'inefficient' industrialisation is hidden behind tariff barriers (Kaplinsky, 1983). The industrial sector in IMS is highly dependent on imports of capital and intermediate goods, yet these imports have been reduced as a result of a shortage of foreign exchange in the 1980s, hence not only has industrial development been limited but it has been highly dependent on private foreign investment. The domestic market is so small that in many respects 'the foreign sector is the economy' (Dommen and Hein, 1985:152), at least in manufacturing, and IMS economies are far from internally integrated. Consequently, seemingly paradoxically, a significant part of industrialisation in IMS is oriented to export,

where market access is possible, either because of linkages with global corporations or because of tax and trade concessions.

Agro-industries account for the bulk of manufacturing. In the eastern Caribbean states industrial development is caricatured as being in the 'Coke, Curtains, Coconut Cream and Corn Curls' phase of development (Theophilus, 1987:10) though the range of industries based on local agricultural produce is wide, including a substantial cottage wine industry (based on fourteen different agricultural products). Moreover most such industries are relatively labour-intensive. There are handicraft industries in IMS, as in Tonga where tourism has contributed to some degree of development (Connelly-Kirch, 1982), and most IMS have some prospects of expanding such industries; they have advantages in making use of local materials, providing off-season or part-time employment (especially for women), contributing to skill formation that may be relevant in other industrial sectors and requiring little capital. However it is easier for IMS to initiate and promote a few large enterprises rather than a multitude of small diverse activities hence, in practice, the task of stimulating handicraft industries has rarely been taken up successfully in IMS (often because more prestigious projects are preferred).

The establishment of import-substitution industrialisation in IMS has been difficult. Constraints include the small size, fragmentation and low earnings of the domestic market, limited skills, few raw materials, inadequate access to technology and investment capital, the high cost of energy and the lack of customs protection for new industries. In Tuvalu, for example, only a bakery constitutes the import-substitution industrial sector; Kiribati is attempting to develop a salt industry (Tabai, 1987) and Comoros is also considering salt production and honey processing. In larger, richer states there has been greater industrial development. In the Seychelles, for example, weak though it is, the manufacturing sector contributed 8 per cent of the GDP in 1983, though there is no industrial development strategy, insufficient mobility of labour and 'excessive centralisation' of the economy, so leaving only a marginal role for the private sector. As in other IMS agro-food industries have developed through processing some local raw materials. In the Seychelles, as elsewhere, there are opportunities for further expansion of import-substitution industries, especially in the fisheries and construction sectors, and in the 'traditional' areas of agriculture processing, and considerable potential for the expansion of protective legislation for infant industries, including skill training, investment allowances (for both local and overseas companies) and the development of business advisory services. In many IMS the absence of entrepreneurial skills has particularly constrained industrial development.

Industry in IMS (as in many LDCs) is characterised by the use of second-hand or relatively obsolete machinery. This has a number of advantages; second-hand machinery saves scarce capital, is useful for training purposes for workers with limited experience of machinery and is easier to maintain, though not necessarily to replace (Fairbairn, 1985:374-5). However these advantages of technological dependence, particularly relevant in the earliest phase of industrialisation, are more than balanced by the disadvantages which contribute to higher production costs and the production of inferior goods, which cannot compete in price and quality. Technology must therefore be both appropriate and also modern (Theophilus, 1987:15). It is in this kind of area where regional organisations could contribute to research and development on more appropriate forms of industrial development.

Industrial development in most IMS would benefit from easier access to credit, which has been a key constraint to locally-owned industrial development. Both commercial banks and development banks have sometimes been slow to respond to

the needs of small industry (either for loans or reasonable interest rates) where promoters are relatively unknown, though lending freely to known traders, with some adverse effects (Theophilus, 1987:23). It is for these kinds of reasons that, for some Pacific development banks, the availability of cash, physical assets or other forms of assignable security are not regarded as prerequisites for access to credit. Hence Pacific banks have devised the concept of labour or 'sweat equity' (Cole, 1985:72) which is at least as important in agricultural and fisheries development projects.

The role of government support is apparent in most IMS. A series of legislative initiatives in Western Samoa, including relaxing land tenure legislation, the establishment of a Handicraft Corporation, a Development Bank and a Trades and Development Office in New Zealand, raising of tariffs on particular imports, investment in infrastructure and the government's own investment in industry, generated a 'minor industrial boom' (Fairbairn, 1985:360-361) in the late 1960s. Most of this was industrialisation to supply the local market. The key element in stimulating this boom was an Economic Incentive Act which gave income tax exemption for five years, duty free imports and other concessions, which overcame the small size of the domestic market and a decline in overseas sales. European entrepreneurs were critical to the early success (Fairbairn, 1985:367). Difficulties faced by the small Samoan industries are typical of those in IMS: small market size, capital availability, communications with overseas markets, administrative problems (that is government delays on submissions and legislation) and poor access to spare parts (most of which must be imported), repair and maintenance services. Many firms operated at less than full capacity, because of the small local (and overseas) market and seasonal supply of some agricultural produce (Fairbairn, 1985:369-374). Thus the 'industrial boom' in Western Samoa was initiated by supportive government legislation and by skilled European entrepreneurs (already resident in Samoa) but frustrated by a variety of factors typical of those in IMS. This demonstrates the considerable difficulty of industrial expansion, with no more than agricultural products as raw materials, and small local markets, and the even greater difficulty of exporting such industrial products.

In the states in the Eastern Caribbean (St. Lucia, St. Kitts and Dominica) the main constraints to industrial development, identified by manufacturers, were inadequate and short-term fiscal incentives, limited market size, inadequate working capital, limited training and technical assistance (in managerial areas, including marketing and quality control), shipping and protectionist measures and currency restrictions within the CARICOM region. Other problems included gearing and debt servicing, financial leakage, premature expansion and inadequate financial management (Theophilus, 1987:28-31). These problems are certainly true of other IMS. In Barbados, one of the locations most preferred by US overseas investors, the factors that contributed most to their choice of this location were good labour relations, a skilled labour force, financial aid and incentives, suitable real estate and access to foreign markets (Long, 1987) and this kind of combination is not dissimilar to that for overseas industrial investment in other IMS (eg. Lomas, 1987). One critical factor is the 'freedom to repatriate capital and profits', recently advertised in just those terms in post-coup attempts to encourage tax-free industrial development in Fiji (eg. Sydney Morning Herald, 27 January 1988) and, in earlier times, important both where it was legal, as in Tonga (Lomas, 1987:23), or where it was not difficult to by-pass exchange regulations and physically shift large sums of money (Taylor, 1987b:59, 64-5). Government support in various guises is therefore important for industrial development for both import-substitution and export-promotion industrialisation. In a number of IMS there has been some hesitation to support industrial development, through the provision of training, extension and advisory services, since this area is relatively unfamiliar.

Examination of the industrial prospects of the LDCs in general is particularly relevant for IMS also. A review by the United Nations Industrial Development Organisation (UNIDO) has noted the increasing disenchantment of countries with import-substitution industrialisation and even outright repudiation of its validity because of its limited impact (on import-substitution itself and on employment), growing regional inequalities, larger deficits and debt (UNCTAD, 1985:14). Whilst simultaneously noting the disappointments of import-substitution, UNIDO also recognised that export-promotion industrialisation had often fared no better, and that 'the prospects for opening new export markets, especially markets in industrialised countries, seem to offer little ground for even moderate optimism in the light of the current instability of the global economy...and the resultant tightening of markets in developed countries' (UNCTAD, 1985:14). In the following year UNCTAD elaborated on this further: 'In a small country with no free trade, industrial growth may be inefficient, however, with free trade a small country may experience no growth at all and may in fact deindustrialise. Therefore, the trade of small countries within the context of international cooperation schemes should be carefully planned' (UNCTAD, 1986b:25). The case for dependent industrialisation was thus emphasized. Many IMS are now relatively strongly committed to export-oriented industrialisation and there is evidence of success in some of them.

Spearheaded by low-wage Haiti, and assisted by the tariff exemptions of the 1982 Caribbean Basin Initiative, the growth of manufacturing is most true of the Caribbean, where high-technology 'screwdriver' industries are increasingly common, as in Barbados, attracted by access, political stability, low wages and weak unions (Sunshine, 1985:141). The Caribbean Basin Initiative offers duty-free access to the USA from 22 states, including eight IMS in the eastern Caribbean. Companies locating in these states also gain preferential access to the EEC under the terms of the Lomé Convention. Furthermore, these IMS also have duty-free access to Canada under a new Caribbean agreement (Conkling, 1987). Most IMS governments offer very favourable terms to potential foreign investors (Parry, 1986); indeed, in the Caribbean, industrial development is characterised as 'industrialisation by invitation' (Barry *et al.*, 1984:73). Though Brookfield has queried: 'what greater form of dependence is there than imitation?' (Brookfield, 1975:202), in some IMS industrialisation has been positive. Much industrialisation is concentrated in export-processing zones (EPZs) which have expanded dramatically since the 1960s, initially in larger developing countries and more recently in IMS. Some twelve island developing countries, almost all in the Caribbean, now have EPZs that provide a special status for export industries, whilst other IMS have export industries of a similar structure to those that are elsewhere in EPZs (C. Hein, 1986). Light manufacturing in EPZs has also been successfully established in some Indian Ocean states, but overall the retained-value ratio has been low (usually less than 30 per cent), they often remain enclaves (De Vries, 1984) and infant industries face 'the chilling influence of protectionism in the developed industrial economies' (Legarda, 1984) even when their impact on these markets is slight. Several IMS, such as Tonga, are virtually a single export-processing (rather than producing) zone (ESCAP, 1985; Howard 1986b) yet little investment has been stimulated. After more than half a decade of operation Tonga's small industries centre had twenty-one firms, manufacturing such goods as knitwear, toys, watches, fencing wire and garbage compactors; the total employment created was less than three hundred people (less than 1 per cent of the workforce) and manufactured exports were valued at about 5 per cent of all exports. This percentage is typical of manufactured exports from most IMS; manufactured exports from Fiji represent only 4 per cent of all exports by value, though in the relatively exceptional cases of Mauritius they had reached over 30 per cent (World Bank, 1987b) and in Barbados were 80 per cent by 1981 (Long, 1987:64). Few other IMS are likely to achieve such proportions.

In most IMS, including Mauritius (C. Hein, 1986), St. Lucia and elsewhere in the Caribbean (Kelly, 1986), the vast majority of factory workers are women, earning low wages in difficult conditions. In Barbados some 94 per cent of all women in enclave industries were female (Long, 1987:69) and this is unlikely to be exceptional. In Mauritius, Barbados and elsewhere, minimum wages in the EPZs are lower than in any other sector of the economy (C. Hein, 1986:15; Long, 1987:69) and, as reported in Mauritius 'compared to women in other sectors, women in the EPZ enterprises are underpaid. They work longer and unsocial hours. They receive very little benefits with no protection against industrial accidents. They are an exploited group who work under authoritative [sic] conditions' (Alladin, 1986:101). Broadly this situation is also true in much larger EPZs in larger countries. Consequently, and unsurprisingly, in Tonga, St. Lucia and probably elsewhere, factory workers see the principal goal of factory employment as that of obtaining skills for subsequent emigration.

Characteristic of the 'new manufacturing' in IMS is the production of goods, whose unfamiliar raw materials must be imported and which have limited utility in the IMS themselves. Thus Mauritius has become one of the largest exporters of woollen knitwear in the world (Latham-Koenig, 1984:171) with garments displacing sugar as the principal export. Woollen garments are also major exports from Tonga's industrial zone, 'never mind that a Tongan woman may never have seen a sheep' (Richardson, 1982:38; cf. Lomas, 1987). However revolutionary electronic innovations are making possible the automation of numerous labour intensive industries, notably garments, posing a threat to their continued existence in IMS if there is a reverse migration of assembly industries to the rich world (World Bank, 1987b:67). Electronics have become particularly important in Barbados, where it is now the fastest-growing export industry (Long, 1987:64; Conkling, 1987:4). In general, as in Mauritius, 'the EPZ produces products which are of no relevance to the country' (Alladin, 1986:102), hence production is wholly dependent on external market conditions.

One of the most successful EPZs in IMS is that of Mauritius. In the 1960s the Mauritius government introduced a series of measures to encourage the establishment of import-substitution industries, including import duty concessions (or complete exemption for machinery, plant and raw materials), tax relief over a number of years for development companies and tax allowances on industrial buildings, plant and machinery. These measures led to the establishment of 70 industries and about 1200 jobs before 1970, but this was inadequate to prevent a decline in national income levels and a worsening employment situation, hence in 1970 the EPZ Act was passed. This increased the range of tax and fiscal benefits for new companies in a variety of ways (Lamusse, 1986:2-3), and the number of industries grew to 277, employing more than 50,000 people (more than in the sugar industry) by 1985 and providing 44 per cent of the value of gross exports (C. Hein, 1986:2-3). Expansion of the EPZ was greatest during periods following booming sugar prices, when domestic capital was more readily available for investment, during growth periods in the global economy, specifically in the USA and other developed countries and when economic conditions were at their most severe in other countries with EPZs, notably Sri Lanka. It was slowest during phases of rapid economic growth in other countries with EPZs, and has also been slowed by rising labour costs (despite relatively low wages and anti-strike legislation) and protectionist policies in some importing states. Textiles and garments have been the basis of export production and the electronics sector has virtually disappeared through obsolescence and because of rapidly changing global technology and markets. There is some evidence that here as elsewhere, firms locating in EPZs are footloose and willing to move elsewhere after tax holidays come to an end. Most goods are exported to the EEC to take advantage of concessionary trade legislation.



In contrast to industrial development in many EPZs a substantial part of manufacturing industry in Mauritius has developed from local investment, though foreign investment played an important initial role (Lamusse, 1986:4). Somewhere between 44 per cent and 50 per cent of equity capital was contributed from within Mauritius (Lamusse, 1986:6; C. Hein, 1986:6), a high proportion compared with that in other EPZs. Much overseas investment was from Hong Kong as a result of Mauritius' preferential access to the EEC, British Commonwealth and US markets, and because of fears in Hong Kong over the future of the colony.

The employment effects of EPZs have been substantial, especially in Mauritius. Elsewhere, in the Caribbean and the South Pacific, EPZs employ a relatively small proportion of the wageforce, with the exception of the special case of Puerto Rico (where there is a wide range of supportive American legislation) and Haiti, where wages are exceptionally low. Most IMS in the Caribbean and Indian Oceans have available appropriately skilled labour willing to take up low-paid industrial employment, and wage rates in Mauritius are about a quarter of those in Hong Kong (C. Hein, 1986:11), though this is not the case in the Pacific where wage rates are higher, skills are few and levels of formal unemployment are relatively low. A combination of a readily available and skilled workforce, a supportive local business environment, domestic capital availability, political stability, financial incentives and adequate infrastructure (including transport facilities) have all contributed to the success of industry in Mauritius. Moreover a major attraction of Mauritius for investors has been the fact that Mauritian products enjoy duty-free access to the EEC. Such privileged access is always under threat in the destinations hence 'the need for continuous political negotiation at the international level - an expensive proposition for a small country' (C. Hein, 1986:15). Thus the success of manufacturing in Mauritius has been difficult to achieve and has partly resulted from more favourable domestic conditions than in most IMS. It has however substantially contributed to economic diversification, enabling greater national ability to withstand international economic fluctuations and, most important, 'it is difficult to envisage any other development strategy that would have produced comparable results' (C. Hein, 1986:16).

It has been argued that because of its high import content, export-processing industrialisation only makes a limited contribution to the country's GDP. Moreover if the generous remittance facilities granted to overseas investors are also considered the net benefits may be even smaller. Indeed it has also been suggested that if tax concessions, credit facilities, subsidised rates for water, electricity etc. and a 'flexible' wage policy are also considered, the social costs may outweigh the benefits of this form of industrialisation (Lamusse, 1986:21). However, significant local ownership in Mauritius has reduced the repatriation of earnings and the retention of capital appears to have outweighed social costs, so much so that Lamusse recently concluded that 'the island has now reached a stage where it may join the group of newly industrialising countries' (Lamusse, 1986:25) since economic performance was so much better than the conventional belief surrounding export-processing industrialisation. Such optimism may not be wholly warranted.

The extent to which this kind of success is possible elsewhere is doubtful. Mauritius has had some advantages absent in other IMS: unusually favourable access to markets, a large pool of semi-skilled unemployed, willing to work at low wages (and not supported by remittances) and domestic capital availability, thus reducing capital outflows and the risk of extremely footloose industries having only a transitory presence. One view of industrialisation in Mauritius is that it 'has little development impact. The EPZ has failed to address the economic problems of the island. It is a short-term programme, benefitting only a small

segment of the society; it exhibits all the characteristics of dependent underdevelopment' (Alladin, 1986:103). The evidence of limited success elsewhere also suggests that the particular political will essential for obtaining market access is not present everywhere. A still-growing number of EPZs elsewhere, and stagnation within Mauritius (Minogue, 1987:131), emphasise extreme competitiveness and protectionism in an area where the same kind of economic activity also exists in rich world countries.

Unlike Mauritius export-oriented industrialisation in IMS is usually dominated by foreign capital. However most overseas investment in IMS is in manufacturing, or service provision, for local (or regional) markets; in the Pacific, foreign investment is aimed at securing existing export markets and at 'serving local markets and not at generating the export led growth which the island governments so earnestly desire' (Taylor, 1984:347). Nor does it stimulate corporate economic growth because of 'corporate ephemeralism' (Taylor, 1986a:64). Exported capital does not have as its primary goal the industrialisation of the remote periphery. Foreign capital dominates many IMS and significant industries are often owned by vertically integrated oligopolistic corporations, such as Wattie Industries in Fiji (Taylor, 1986b), and the existence of such companies may adversely affect local producers in the same or related activities, by out-pricing competitors (and also reducing taxable income in the IMS). Governments and local businesses are often 'too small and indecisive' (*op cit*:90) to institute and police effective countermeasures. Consequently TNCs are able to transfer income and value from IMS; conservative estimates for Fiji suggest that such transfers are in excess of 2 per cent of GNP, effectively an indirect 'tax on the population for the privilege of foreign direct investment' (*op cit*:91). In these circumstances then it is even more crucial for governments in IMS to develop some degree of protective legislation for infant industries but, more important, stimulate the growth of entrepreneurial skills.

Limited industrial production in IMS is often therefore a function of the extent of preferential trade and non-discriminatory tariffs. In general trade preferences extended to LDCs have had only a marginal effect on increasing trade flows (Moss and Ravenhill, 1983); preferences are often extended to goods not imported by industrialised countries, there are restrictions on 'sensitive goods' such as the textiles exported from Mauritius and Fiji (Harden, 1985:91; Sutherland, 1986) restricting both countries' attempts to diversify their exports and reduce their dependence on sugar. Where relatively favourable trade agreements have been signed with regional groups, as in the case of the South Pacific Area Regional Trade and Economic Commission Agreement (SPARTECA), between the South Pacific Forum states, Australia and New Zealand, benefits have principally gone to the larger, or more favoured, states (see Chapter 9 below). Indeed SPARTECA, despite its primary aim of contributing to industrialisation in independent Pacific states, has largely failed; over a five-year period only one country, Western Samoa, actually increased real exports to Australia and New Zealand. The provisions of the agreement largely excluded clothing and footwear, areas where there was potential for export-oriented industrialisation (Robertson, 1986; Sutherland, 1986). For SPARTECA states, just as for the garment manufacturers of Mauritius, there have been problems complying with the rules-of-origin legislation (since few fabrics originate in the processing countries) that are essential for preferential access. Similarly, in the Pacific as well as Mauritius, success in penetrating new markets has led to restrictions and/or quotas imposed in the importing states (C. Hein, 1986; Sutherland, 1986). Although these kinds of legislative controls have limited the expansion of industrial exports from IMS the actual establishment of liberal provisions has contributed to the initial impetus for the establishment of manufacturing in island developing countries. Expansion of exports of manufactured goods from IMS has primarily occurred under protective and concessionary trade conditions.

Widespread constraints to the import of IMS manufactured goods have however limited the capacity for IMS to expand the manufacturing sector. Nonetheless, with very few exceptions, there would be virtually no export-processing manufacturing industries in IMS without significant positive discriminatory legislation in their favour. Though trading agreements such as SPARTECA, PATCRA (between Australia and Papua New Guinea) and the EEC's Lomé Convention all impose substantial restrictions on the range and volume of imports they have been crucial to the growth of manufacturing industry, and hence significant economic diversification, in a group of IMS. One view of the Caribbean Basin Initiative is that, 'it has appeared at a time when these struggling countries have been forced to abandon their conventional inward-looking approaches to development, by which they had tried unsuccessfully to insulate themselves from world market pressures. Instead, they have begun to adopt export-promoting strategies similar to those that have proved so successful in East Asia' (Conkling, 1987:3). Ironically, yet significantly, the particular article is sub-titled 'a regional solution for America's threatened enterprise?'. In the Pacific the Pacific Islands Industrial Development Scheme (PIIDS) was a New Zealand government financed plan to give their companies finance and other incentives to set up manufacturing and processing ventures in the region, in a policy described as 'abetting-not aiding' (Richardson, 1982). Thus, in many respects, even relatively successful industrial development in IMS has been primarily dependent on the policies of metropolitan governments and manufacturers. Though IMS can do much more to stimulate more diversified industrial development through favourable legislation, development of entrepreneurial skills and credit delivery, even in relatively successful Mauritius one of the grounds for industry failure and slow growth was regarded as 'a lack of promotional efforts on the part of government' (Lamusse, 1987:5). IMS export-promotion industries are extremely dependent on global economic fluctuations and rich country legislation.

A recent World Bank report on manufacturing prospects in Fiji has stated, in its opening credo: 'Neither geography nor culture nor political forms necessarily preclude a country from sharing in the fruits of economic advance; what matters is the skill with which a constellation of policies mobilise domestic resources for development ends and enable the nation to grasp the trading and technological opportunities that have underwritten development gains most notably in East Asia' (World Bank, 1987b:1). Just as in the Caribbean (cf. Conkling, 1987), it is quite nonsensical to argue either that local geography, culture and politics may be no hindrance to industrial development or that the success of the East Asian states is replicable in IMS, except in the most dilute and minuscule form. Despite recognising that Fiji has considerable disadvantages, including a 'flimsy base to industrialisation provided by agricultural activities, tourism and a small in-ward looking manufacturing sector; the scale of domestic savings as well as the supply of risk capital for emerging businesses; the availability of labor skills to support a niche-filling export drive; the nation's readiness to absorb manufacturing technology and, last, the likelihood of an ebb in Direct Foreign Investment which would transfer even more of the burden of market penetration and technology assimilation on to local firms', the World Bank nevertheless stressed that 'industry can begin to displace Fiji's traditional sectors as a source of growth and exports...by-passing the earliest manufacturing stage that is centered on unsophisticated mass-market items with a low value-added content' (World Bank, 1987b:24). by filling available niches in industrial markets. This would have to be assisted by comprehensive government financial assistance to enter 'the EPZ sweepstakes' (op cit:77) by producing such goods as fashion garments, watches, light machinery, spirits and tropical fruit, ultimately pushing Fijian industry into 'emerging from its protective cocoon' (op cit:90). It is not a scenario that seems to offer a genuine prospect of industrial growth, even with the most extraordinary

levels of government financial assistance. Nor do more successful IMS, such as Mauritius and Barbados, appear to offer obvious prototypes for Fijian success. Success stories will be difficult to transplant and imitate in most IMS.

## 8. SERVICES

A substantial proportion of foreign (but not domestic) investment in IMS is increasingly in the service sector, in general commerce (especially in the Pacific) and in more sophisticated financial and insurance ventures. Transnational Corporations in IMS for example have attempted to rationalise by moving away from resource-based activities into the tertiary sector, where skills are in greater demand and linkages to rich world countries are crucial. The prime examples of this are tourism and more recently finance. To a much lesser extent, but important for IMS (and all small states), are philatelic services. Services are now much faster growing than manufacturing industries in the IMS. In most IMS there are also a variety of small-scale service (and manufacturing) activities, once classified as the 'informal sector', but firmly tied to the dominant capitalist ethos of national development. Such back-street shoe-repairers, tailors and mechanics are widely established in the Caribbean and Mauritius but less obvious in the smaller towns of the Pacific, outside market traders. Compared with the 'modern' service sector their role has been relatively unchanged in recent years and governments have ignored or opposed them (cf. Bennell and Oxenham, 1983:18). The conventional service sector is large in most IMS, whether in retailing or in the public services, so much so that in most IMS this sector makes the greatest contribution to the GNP (Dommen and Lebalé, 1986:3-4) and the smaller countries have been characterised by the predominance of employment in the public service sector (Bertram, 1986). Where finance and tourism dominate, as in Bermuda, employment in the service sector covers 90 per cent of the workforce, though this is substantially higher than in most IMS. Elements of the service sector offer real opportunities for development for IMS, and there are now substantial differences between those countries with strong financial and tourist services, such as the Bahamas, and those without significant services.

The success of commercial development in Pacific IMS especially has been constrained by government attitudes to business, which have often restricted efforts by small entrepreneurs in the 'informal' sector, but also by the same limited management skills, lack of capital, and restricted technical skills amongst workers (Croulet and Sio, 1987), that has slowed industrial development. Trade stores especially have often had only short periods of success. Few businesses have been or are run on individualistic lines, but are often more closely associated with traditional values of joint ownership with support from a particular social group, rather than through commitment to such principles of business as profitability, as, for example, in Vanuatu (eg. Bastin, 1981; Rodman, 1987a). Though such traditional social values are of considerable significance to local social organisation they often conflict with the transition to contemporary commerce although, as has been argued in the case of Fiji (Rakoto, 1986), to blame the lack of Fijian success in commercial enterprise on customs and culture can be fallacious when limited training, inadequate capital and poor or inappropriate extension services also exist.

One of the fastest growing service industries, but only in Caribbean IMS, is data processing. Since 1985 the Caribbean generally has become a new centre for computer information and data processing, assisted by the combination of new developments in micro-electronics and telecommunications. The data-processing industry has become established in Barbados, Grenada, Jamaica and also the Dominican Republic, in the same way that light manufacturing industries have also relocated primarily in Caribbean IMS, to take advantage of cheap labour (with Barbados wages less than a quarter of those in the USA) and low production costs, although the cost of transmitting data by satellite is naturally greater in the Caribbean. In Barbados, levels of productivity in data-processing (and the electronics industry) are said to be as high as in the United States (Long, 1987:65). In Barbados five of the 23 enterprises in the EPZ are data-processing

industries (Dommen and Lebalé, 1986:19). The main clients are airlines, hotels, car rental agencies and credit card companies. The Caribbean's first teleport - a high-speed, data transmission facility - opened in Jamaica in November 1987 and will expand the industry's potential there; plans exist for similar facilities in the Dominican Republic, the Bahamas and Barbados. Already the industry employs about 4000 people, principally women, in the Caribbean (mainly in the Dominican Republic and Jamaica) but that number should increase to as many as 20,000 by 1990 (James, 1987) as 'more and more of this work is beginning to wend its way to the Caribbean, parts of Asia and other literate regions where intellectual skills are for hire at relatively low cost' (*Time*, 23 June 1986:45). Though computer services are currently located only in some IMS in the Caribbean there is potential for expansion elsewhere in that region and perhaps, ultimately, to other IMS in other regions. It is one economic activity where the IMS have few substantial disadvantages.

### 8.1 Tourism

The growing orientation towards external sources of income is emphasized by the rapid development of tourism, especially in the Caribbean, and more recently in the Indian and Pacific Oceans, more distant from the lucrative North American market. In the Caribbean a number of IMS, but primarily the smaller dependent territories (such as the Virgin Islands, Saba and St. Martin), have become 'small economically underdeveloped tourism-dependent countries of the world periphery' (Husbands, 1986:176) Over the past quarter century, the advent of cheap airchararters, and the relative decline of airfares, has led to tourism dramatically expanding from more traditional short-distance locations, whilst a general growth in world income levels and paid vacations has contributed to substantial increases in tourist numbers. In countries like Antigua, Barbados, Bahamas, Fiji, Maldives and Seychelles, tourism is much the largest contributor to their GDP, sometimes many times more economically significant than the total value of exports, and tourism is also the highest contributor to employment and with annual tourist numbers greater in some countries than the local population. This reaches a factor of ten in the case of Bermuda. The status of economic development in IMS is symbolised by the increasing economic and social influence of tourism, and the massive dependence upon it. The few countries where tourism is unimportant, in the Atlantic IMS, Comoros and the central Pacific (Kiribati and Tuvalu), are amongst the poorest of all LDCs. For these countries international transport constraints, limited facilities and the cost of inaccessibility have severely limited the prospects of tourist development. Tourism there is often dependent on 'two-centre' tourists, who are primarily based elsewhere. In Tonga tourism is limited because of the absence of adequate airline services: 'without the involvement of foreign commercial and political interests, Tonga has not evolved the essential ties with metropolitan markets and their tourism companies. It would seem that Tonga's tourist industry has paradoxically suffered because the country was not exploited as a fully-fledged colony' (Britton, 1987b:131). Ease of access is critical to tourism development as in the case of Vanuatu where uncertain air links with Australia in 1986-7 prevented tourism planning and in Fiji, where a number of airlines are discouraged from landing at Nadi by landing fees second only to those charged at Narita in Japan (World Bank, 1987b:15), hence limiting metropolitan markets.

Tourism generates more income for IMS than commodity exports (Legarda, 1984) and has a proportionately greater economic role than in any world region. For island states that have very few resources, virtually the only resources where there may actually be some comparative advantage in favour of IMS are clean beaches, unpolluted seas and warm weather and water, and at least vestiges of distinctive cultures. Even these advantages, notably access to beaches and

swimming spots, may sometimes be illusory (Pearce, 1987:154). Competition for tourists is intense though some recent entrants, such as the Maldives, have had reasonable success; primarily as a result of direct European air routes, the annual growth rate of tourism there was 58 per cent between 1978 and 1982 (Cater, 1987:207). By contrast tourism to Malta slumped in the 1980s with a consequent loss in foreign exchange, the temporary closure of some hotels and a slump in the construction industry (Lockhart and Ashton, 1987). Tourism is more subject to the whims of fashion than any other economic sector.

Tourism generates jobs, provides foreign exchange, taxes and other indirect revenues and generates activity in other sectors of the economy. Although tourism is largely a labour-intensive industry, it does not employ large numbers of workers and typically this employment is not well-paid and contributes little to skill formation. However in major tourist destinations such as the Bahamas half the workforce are directly employed in tourism; in Antigua the proportion is about a quarter (Momsen, 1986:110). Moreover the trend towards luxury resorts increases the labour-intensive element (Britton, 1987a:83) and indirect employment in construction and ancillary industries may also be substantial, and crucial to IMS where labour-intensive employment is otherwise primarily in the agricultural sector. It also contributes to a significant increase in female employment, though this may be not without social costs, and may strain intra-familial relations (De Kadt, 1979). Seasonal unemployment is also a problem, especially because tourism is largely externally controlled and subject to cyclical and irregular fluctuations.

The goods (especially food and drinks) consumed by tourists are often imported, hence the most positive role of tourism is in employment in the services, handicraft and construction industries, rather than in direct income benefits. Even payments made within the IMS are exported; sources of leakage include foreign ownership, employment of foreigners (hence repatriated incomes) and imported materials. The high energy costs of modern tourism are also a significant cost factor, and a possible constraint to future development in more remote states. Inability to provide a high-level of services has contributed to declining tourist numbers in some IMS, such as Malta, whilst provision and upgrading of tourist infrastructure may reduce the ability of governments to provide this elsewhere. Some 56 per cent of the income of Seychelles' hotels leaves the country as direct return on investments, payment for imported goods and services and compensation for expatriate staff (Benedict and Benedict, 1982:151); very similar statistics are widespread (Young, 1973, 1977; Beekhuis, 1981; Momsen, 1986b; Britton, 1987; Henry, 1985:127; Seward and Spinrad, 1982; Belisle, 1984; Dommen and Lebalé, 1986:12) though there appear to be no time series data to indicate if leakages are being reduced.

Some of the best coastal agricultural land in IMS has been lost to tourism (Benedict and Benedict, 1982:153; Bryden, 1973) and agricultural production has often declined, through the withdrawal of labour, rather than been stimulated by tourist demand, hence food prices have risen (Kaplinsky, 1983) not only for tourists. Tourist demand for local produce is markedly seasonal, especially in the smaller islands of the Caribbean, hence it is difficult for farmers to adjust to seasonal and cyclical fluctuations in the tourist trade. Linkages with other sectors of the economy are as weak in tourism as they are for industrial development. For several Caribbean IMS about two-thirds of the food consumed by tourists was imported (Momsen, 1986:17) though the balance did contribute to agricultural development in areas where agricultural activity already occurred. Increasingly local foodstuffs have however become a part of the cultural element of tourism.

Tourism has also led to distortions in other price structures, including wage rates, and other economic disadvantages have been attributed to tourism, including seasonality, the subsidisation of infrastructure without alternative uses, excessive

tax concessions, extreme concentration of hotels and landownership amongst a few (and hence increases in income inequality), and the difficulty of regulating an industry largely controlled by foreign technology, tastes and economic change. Demand for tourism is fickle and highly elastic; when British tourism to Malta declined in the 1980s Malta was unable to diversify towards other sources and a slump resulted (Lockhart and Ashton, 1987). Success tends to be measured primarily by easily measurable growing tourist numbers rather than by more diverse criteria. A range of ecological and social problems such as the destruction of traditional values, new consumption patterns and leisure habits, prostitution and crime are also attributed to tourism (eg. Potter, 1983) though such problems and processes were usually already in existence. Recently IMS such as Grenada and, most dramatically, the Maldives (Sathiendrakumar and Tisdell, 1985) have either contemplated, or effectively achieved, the isolation of tourists in resort enclaves, minimising their impact on local society.

Tourism is largely foreign-owned and the foreign content, through the crucial roles of advertising and air (and sea) transport, is tending to increase rather than decrease. The key mechanism by which metropolitan firms influence tourist flows, in volume and destination, is through their control of international transport. In the Pacific, for example, two foreign airlines were responsible for 80 per cent of airline seats on the Fiji sector (and the proportion would be even higher for smaller destinations), while no island nation owns any of the cruise ships that travel the Pacific (Britton, 1982b:337). Tourism promotion, usually involving package tours, is similarly externally controlled, limiting local hotel development and promotion, in one principal sector where greater self-reliance is possible. Moreover because of the isolation of IMS, reliance on air travel is greater and the type of tourism that develops on islands is generally more structured and less diversified than that of larger states, and hence more likely to be confined to a narrower range of foreign-owned and influenced facilities (Pearce, 1987:159-160). Japanese investment is more crucial in the Pacific, where the Japanese national airline has some access, and is coming to dominate the industry in Fiji (Britton, 1982a), the Northern Marianas, and, to a lesser extent, Vanuatu. In the Caribbean American capital dominates the tourist industry. The low level of domestic savings, and also limited government finance (although there is some national investment in the tourist industry, as for example in the Cook Islands), limit the degree of domestic involvement in the tourist industry. Moreover in such capital-scarce situations the opportunity cost of investment in tourism is very high (Cater, 1987). Foreign ownership is greatest in the Caribbean in those IMS which were the first to develop tourism, such as the Bahamas, and there has been a general movement towards local ownership of tourist facilities and the restriction of work permits for foreigners (Momsen, 1986). This transition is scarcely yet apparent in the Pacific (Milne, 1987). Tourism is very much an enclave economic activity that has, in some areas, replaced other enclave activities, and, in places such as Fiji and St Vincent, has even resulted in the foreign ownership of particular small islands where the indigenous population have limited rights (Nanton, 1983). An extension of this phenomenon is the development of 'holiday' or 'second' homes in some IMS, notably in Fiji in the Pacific and Antigua and Barbados in the Caribbean.

The inevitability of foreign ownership, the uneven development that has followed tourist development, but above all the cultural conflict argued to inevitably ensue, initially discouraged Pacific states from orienting development strategies towards tourism. However limited economic growth and greater external interest have resulted in what was once regarded as the 'last resort' (Lea, 1980) now being central to development. Western Samoa and Tonga both long rejected international tourism on cultural grounds, but are now expanding tourist facilities and transport infrastructure. The cultural effects of tourism are difficult to specify. Commercialisation and the cheapening of cultures tend to occur; though these



trends are inevitable, in exceptional cases tourism has contributed to some revival in various art forms, though much of this is contrived (Bastin, 1984:82). The World Bank, noting that the future expansion of tourism in Fiji may be limited, because of inadequate superior quality shopping, hotel and leisure facilities and sightseeing, also emphasized that Fiji was deficient since 'the local culture has not been tailored and projected so as to attract tourist attention as has been done in Hawaii and Bali' (World Bank, 1987b:14). Tourism also contributes to uneven development, since tourist resorts and activities are highly localised, and emphasises aspects of relative deprivation.

Dependent on foreign investment, fluctuating tastes, metropolitan economic change and domestic stability, tourism is the most vulnerable and competitive of all industries. It is vulnerable to economic uncertainty (both domestic and international), stemming from inflation, fluctuating currency exchange rates, unemployment, sudden protective measures which are enforced on international money markets (Cater, 1987:211) and stock market crashes. However there is no homogeneous tourist response to global or regional economic downturns; at a time that a significant downturn in tourism to Barbados was being blamed on worsening global economic conditions, especially in the principal source, the USA, other Caribbean IMS, notably St. Lucia, were gaining at the expense of Barbados, as particular local and regional factors (including transport costs) influenced 'product differentiation' (Romsa and Blenman, 1987). The specific features of particular locations remain important. Tourism is however even more vulnerable to crime and domestic and regional political instability; instability in New Caledonia resulted in a downturn in local tourism and also of tourism to neighbouring Vanuatu, even without political changes there (Connell, 1987b), as did civil unrest in Sri Lanka in 1983 for tourism in the Maldives. Two military coups in Fiji in 1987 produced a substantial downturn in tourism, a 26 per cent decline over the course of the year, despite exceptionally cheap packages being offered (Avery, 1987). To attract new tourists policies and practices must constantly be revised. Grenada recently achieved a significant increase in tourism from the USA by bringing its tax-disclosure policy into compliance with US tax law, so that American business groups holding conventions could qualify for tax deductions (Conkling, 1987:9). Success however occasionally poses perils that are not only cultural. In Seychelles, 'paradoxically its future as a tourist paradise is most seriously threatened by the depredations of the tourists themselves and by the amenities provided to attract them' (Benedict and Benedict, 1982:109). Similarly in St. Lucia sand for construction is mined from the beaches that are the lure for tourists (Grech, 1984; cf. Archer, 1985; Hudson, 1986); island environments are notoriously fragile and coastal environmental management is limited in its extent. Nonetheless for all the economic, ecological and social problems, there are substantial benefits, notably in the generation of employment and foreign exchange, and some related investment, that have enabled IMS to largely successfully negotiate another strand in the network of external economic relations.

Although there is considerable ambivalence about the overall advantages of tourism, as a highly unstable industry, and concern over cultural change, without apparent exception IMS are increasingly emphasizing tourism as a key element in future economic growth. The most successful Caribbean states, such as the Bahamas, have maintained the value of their invisible earnings and the most successful tourist nations enjoy the highest standards of living and the lowest unemployment rates in the Caribbean. As Momsen concludes, 'In the present climate of international relationships tourism holds especially good prospects for the Caribbean as compared to other industries because it constitutes trade with the wealthiest countries in the world in a situation in which protectionism, which in this case would be the restriction of travel by North Americans and Europeans, is far more difficult to impose than it is to impose on visible exports from Third

World countries. In the light of a reassessment of the long-term ability of the traditional exports to earn adequate foreign exchange for Caribbean countries under declining terms of trade, tourism remains a vital element in the economic survival of these developing nations despite the social problems attached to it' (Momsen, 1986:23). Though this is undoubtedly true of the more accessible Caribbean, and has been true for some IMS elsewhere, it is apparent that it will be difficult for such gains to be realised in the same manner in the more remote Indian, South Pacific and Atlantic IMS, or for there to be much further localisation of the industry. Nevertheless for an industry that is so new to the IMS its role in development, and dependence upon it, is now considerable.

## 8.2 Finance

Financial service industries have gained in their attractions to IMS, as other sources of earnings have dwindled, and have certain advantages for IMS: 'precisely because their economies lack internal linkages, there is little difficulty in designing a set of tax advantages which not only do not weaken the domestic tax base but actually widen it beyond what the local economy itself could achieve' (Dommen and Hein, 1985:166). For overseas corporations they enable international profit shifting through transfer pricing and hence reduction of domestic tax liabilities. Most island tax havens are in the Caribbean (Cayman Islands, Bahamas), nearby (Bermuda) and around Great Britain, though they have more recently been established in Vanuatu, Nauru, Tonga and the Cook Islands, and Western Samoa has just decided to become an offshore banking centre. The rapid increase in the number of financial havens of one kind or another has placed some pressure on established centres. Malta, for example, has been unable to attract offshore banking and commercial activities like those that have flourished in Cyprus (Lockhart and Ashton, 1987:255), and Antigua, which became an offshore financial centre in 1983, has struggled to compete with other regional centres. Even on the fringes of North America and Europe, there are apparent limits to the expansion of financial centres if the financial and legislative climate is not exactly right.

The finance centre in Vanuatu has survived in competition with such powerful competitors as Singapore and Hong Kong. The finance centre there probably contributes about 5 per cent of national income, has contributed to superior high-level technical skills in the capital and generates employment. Vanuatu has also established a shipping register to provide a 'flag of convenience' to world shipping though this has had little impact there unlike that of the Bahamas. Vanuatu's finance centre is the longest-established in the Pacific, employs about 300 people and had about 95 offshore banks and 65 exempted companies in the early 1980s (Penot-Demetry, 1983). By mid-1987 this had grown to more 700 exempt companies, including at least 100 international banks, many originally from Asia. Just as in tourism, perceptions of domestic and regional instability (in the case of Vanuatu, adverse publicity over links with Libya, a fishing agreement with the Soviet Union and political tension in New Caledonia) have contributed to slowing or reversing the growth of the finance centre (Chong, 1987:120). Vanuatu has however been relatively successful, in common with Nauru, through its much greater degree of secrecy which in the Caribbean and Bermuda has significantly reduced the attractiveness of tax havens. In newer centres, like the Cook Islands and Tonga, each of which operate with a different set of legislation and from a different legal basis to that of Vanuatu, there are far fewer banks and companies. Tonga has about 10 offshore banking units and the Cook Islands may have less though 'the Cook Islands occupy a useful slot in the international trading day...west of Tahiti and South of Hawaii, a position that leaves them the last centre to open on a business day' (Carew, 1986:76), one of the rare examples where the location of an IMS is actually advantageous. Though

competition is considerable, tax havens in the Pacific should benefit from an increasing international focus on the region, as wealth can be diversified into an area with a different time zone, apparent political stability and a well-established legal system.

More generally problems of distance and strong overseas competition have restricted the growth of even this extremely flexible and mobile activity. Much the most successful offshore financial centre has been that of Bermuda with more than 6000 registered companies and a very substantial contribution to employment (Connell, 1987a). Despite the growth of many new centres since Bermuda's centre began, political stability and access to New York has enabled it to retain its significance. There is however growing concern there that Barbados will increasingly undercut Bermuda for offshore insurance by achieving better tax deals with the USA if it can also develop appropriate infrastructure (Stevenson, 1987). In the Cayman Islands the number of registered companies exceeds the adult population; secrecy, accessibility and political stability (as a colony) have contributed to this growth (Dommen and Hein, 1985, 167-8) though in the Bahamas, location in the same time zone as New York was more crucial than political stability (Francis, 1985). The Cayman Islands has become the second most important offshore finance centre after Bermuda, in part because of a movement from Hong Kong, because of the imminent Chinese take-over, and from Bermuda, because of escalating costs (Kersell, 1987:104). Bahamas, with more than 350 banks and trust companies is of major importance, because of its legal provisions, location and political stability, and despite 'the occasional unreliability of the telephone system, the lifeblood of Euro-currency transactions' (*The Courier*, 102, March-April 1987, CDE-5). Finance centres have increasingly become 'functional', rather than 'paper', contributing more directly to employment, whilst the costs to the local economy may be minimal (Francis, 1985) though in small colonies, such as the Cayman Islands, extreme dependence on tax havens and associated tourism (Caulfield, 1978), alongside massive immigration, has wholly destroyed the historic social ecology and economy. Elsewhere this extremely footloose industry has been largely beneficial and has minimal ecological impact.

A related service activity is the provision of 'flags of convenience' for world shipping. Though most closely associated with larger developing countries, such as Liberia and Panama, there are also shipping registers in Cyprus, Bahamas, Vanuatu and Bermuda (though the last is of little current importance). Like finance centres such flags of convenience enable shipping owners to reduce registration costs and avoid expensive commercial restrictions, and provide fees and a small amount of employment in IMS. However new legislation in rich-world countries suggest that 'flags of convenience' are likely to slowly disappear and there will be few future benefits for IMS.

Diversity and strong overseas links are characteristic of the financial sector in most IMS. Banking and finance, as well as legal, insurance and accounting services, are dominated by foreign firms and international banks. In the Pacific, Australian banks such as Westpac (which changed its name as its role in the region became more dominant) and ANZ are highly important. Westpac is the principal shareholder in the Bank of Kiribati and the National Bank of Tuvalu, and has branches in the Solomon Islands and Vanuatu as well as shareholdings in the Bank of Tonga and the Commercial Bank of Western Samoa. A complex of commercial banks, a central bank or monetary authority, a development bank and a provident or superannuation fund, in most IMS, form the basis of a complex financial structure which is more a function of immaturity and confusion than a mature or complex economy. Many currencies in IMS are tied to overseas currencies, such as the Tongan pa'anga which is tied to the Australian dollar, a situation that has contributed to an unprecedented degree of volatility and weakened it substantially.

### 8.3 Philately

One 'manufacturing' activity that has contributed to substantial exports throughout IMS is postage stamps and in most IMS this is a major focus of economic activity although no IMS actually prints its own stamps. Hence the export of stamps is a service activity rather than a manufacturing activity. Indeed in some of the smaller colonies, such as Wallis and Futuna and Pitcairn Islands, few of the stamps marketed by those states ever actually reach the islands, most being marketed by agents, so that only a proportion of philatelic profits are retained in the smallest IMS. Elsewhere stamp marketing can contribute substantially to both employment and income generation, hence Bertram's (1986) conclusion that stamps are a valuable and successful form of economic activity for IMS, and especially for the smallest IMS where other exports are limited. In some IMS coins play a similar but less substantial role.

In Tuvalu stamps constituted 65 per cent of exports by value (1983) and the Philatelic Bureau is the principal source of employment after the government itself. Variation in stamp sales from year to year (which reached as high as 99 per cent of exports in 1981) are the main factor in national exports, hence the 1983 drop was a cause for concern. In St. Vincent too, the privately owned Philatelic Bureau is also an important source of employment. In both these states and in other fragmented IMS, such as Antigua, the Cook Islands, St. Vincent and the Grenadines, and the Falkland Islands, stamps are now issued for several different islands as well as for the state as a whole. The task of maintaining and increasing interest (and sales) in a fluctuating global market without saturating it remains a challenge and, even more than for most commodities, the market is exceptionally volatile (Anon, 1982). Nonetheless the attention given to this area of export is both indicative of the crisis in IMS exports and suggestive of the increasingly important role of services in IMS.

## 9. REGIONAL COOPERATION

Because of similarities in the economic structure of IMS, different colonial histories and cultural variations between them, regional cooperation has often been more limited than might have been expected even in the Caribbean, where distances are much less great. Nowhere is this more apparent than in regional trade which is conspicuous by its absence in the Indian, Atlantic and Pacific Oceans, though more substantial in the Caribbean (Axline, 1986:34-37) where, despite regional similarities in production structures, diversity is greater than elsewhere. In the Pacific production is competitive, rather than complementary, communications follow colonial lines rather than integrate the region and there is some consumer bias against local products. Consequently 'unless there is political will to cooperate the potential, limited as it is, for greater trade within the region will not be fully realised. Regional cooperation demands some sacrificing of national interests' (Sevele, 1983:27; cf. Fairbairn, 1985:47-49). In a sense then not only are many commercial enterprises within enclaves in the IMS but the IMS themselves are enclaves, often better linked to metropolitan economies than to island neighbours. This is especially true of the French territories and departments in the Pacific and Caribbean.

In the Caribbean the establishment of common markets was designed to contribute to greater economic, and other forms of, regional integration. Demas (1965), for example, saw such regional common markets as means of escaping from a dependence on international trade and the problems of small domestic market size. The first of these regional common markets, CARIFTA, was largely unsuccessful; 'intra-regional trade is a very small part of total trade and even within this the benefit has accrued mainly to more developed countries' (Brookfield, 1975:159) such as Trinidad, hence contributing to some degree of internal colonialism within the region. The second common market, CARICOM, was expected to reduce these problems but benefits have been less than expected, the regional market has contracted, there has been little true market integration and the less developed countries have experienced fewer benefits even in a wide region of greater complementarity. Consequently there has been debate over whether the smaller grouping of seven OECs states would be a more appropriate regional entity (Rainford, 1987). Exactly the same situation is true in the Pacific where the President of Kiribati has recently strongly criticised the SPARTECA agreement between Pacific IMS and Australia and New Zealand because the agreement was of little use to those with little to trade: 'what we have is the widening economic gap between us and the bigger countries. In my view the trade agreement - SPARTECA - makes the problem of the widening economic gap worse' (Tabai, 1987:12). The integration of production and larger market size have not withstood the demands for individual sovereignty and decision-making capacity. In the Indian and Pacific Oceans there has been no attempt to establish regional common markets, though the first task of the South Pacific Bureau for Economic Cooperation (SPEC) on its establishment in 1973 was to study the feasibility of this (Neemia, 1986b:14). In the Pacific case there have been considerations of wider support for a regional airline and the establishment of a regional development bank; although neither of these occurred there has been support for a regional shipping line, the Pacific Forum Line. Perhaps the most effective regional institution has been the Forum Fisheries Agency (Sem, 1986; Neemia, 1986b). Similar regional rationalisation of industrial development and major agricultural schemes (such as sugar production) have not occurred. Certainly there have been few if any examples of successful regional cooperation with reference to joint production enterprises, as early proponents of regional economic common markets envisaged (eg. Brewster and Thomas, 1969). In the Pacific, just as in the Caribbean, 'those ventures requiring considerable commitment of national resources and a surrendering of national sovereignty have been generally rejected, have failed after establishment or have struggled on

beset by difficulties' (Fry, 1982:656). Most Pacific regional economic activities have been dominated by Fiji hence smaller and more peripheral states have lost interest in cooperation. Overall regional common markets which include IMS have been so limited in their achievements, at considerable administrative cost, that there have been renewed demands for disengagement from such markets and greater individual self-reliance or a closer integration into the global economy. The future prospects of regional economic integration remain limited.

Beyond the sphere of economic integration regional cooperation has been more successful and in some regions, such as the Indian Ocean, is continuing. There the Indian Ocean Commission (IOC) was established in 1982, partly modelled on the South Pacific Commission, to incorporate five island territories. Its record is primarily that of existence itself and project financing activity (Aubenas, 1987) but it offers prospects of more extensive technical and economic cooperation than already exists (Bheenick, 1986). The South Pacific Commission (SPC), established in 1947, has led to considerable technical cooperation within the region, has provided substantial support for fisheries management and development, demographic and statistical data collection and analysis and training in data collection procedures, public health and water resources development, monitoring of health and nutritional changes and relevant policy formation. Regional organisations are more capable of assisting those small countries that are without the expertise or administrative capacity to properly elaborate requests, evaluate or implement projects and can, therefore, reduce absorptive and manpower problems in such areas as aid delivery and coordination and census-taking. By contrast attempts to share such scarce resources as skilled manpower through the Pacific Regional Advisory Service (PRAS) have been wholly unsuccessful (Connell, 1987g:93). In some respects the primarily external funding of the SPC (and the IOC) has been a significant influence on success because it minimises regional friction and fission. Even if this were not so, the minimal proportion of aid provided to regional institutions, as for example in the Pacific (Neemia, 1986b:55-59), would suggest that it is therefore appropriate for overseas aid to be increased to effective regional organisations, which would both encourage a sense of collective identity in the regions and increase the capacity of multilateral agencies that have extensive regional expertise.

Despite the disappointments of previous ventures in regional cooperation it remains apparent that IMS have much to gain from cooperation in some spheres. For example, where relevant, most IMS have found it difficult to maintain their own airlines. Prestige has influenced uneconomic investment decisions. Even where they have national airlines they have outdated aircraft, inadequate landing rights and limited technical expertise, whilst metropolitan airlines control most seating capacity, especially on tourist routes (Britton, 1983) hence the tourist industry, and some other sectors of the economy, are heavily dependent on external ownership and decisions (Taylor and Kissling, 1983; Britton and Kissling, 1984; Gaile and Hanink, 1984). In the 1980s the movement to long-haul services has restricted IMS economic development as airlines have withdrawn from several IMS, or dropped seating space and cargo capacity. Metropolitan airlines are also often owners or major shareholders in IMS tourist facilities, including hotels and ground transport. Regional cooperation offers prospects for success (Kissling and Taylor, 1984) but this has not been grasped either in the Pacific, where national airlines have consistently foundered, or in the Caribbean, where external ownership minimises regional connectivity and integrated and coordinated development. Developments in containerisation have similarly changed the nature of sea transport, leading to the centralisation of trade and the elimination of small, marginal operators (Legarda, 1984) that have increasingly hampered the economic prospects of outer islands (eg. Newitt, 1984:112) and led to the deterioration of outer island shipping systems, as in St. Vincent and Fiji (Brookfield, 1978) and Vanuatu (Dunbar-Nobes, 1984). Regional shipping services

have met with little success in every ocean (Dolman, 1985:52). Transport links are often as much oriented to metropolitan countries as they were in colonial times, and these external neo-colonial links are emphasized by telephone, tourist and other links that shape an infrastructure directed towards separate ties of dependence rather than regional integration.

Transport improvements, especially in archipelagic IMS, are very expensive, notably in Comoros and the atoll states where there are no natural ports. Air transport within countries is also extremely expensive because of the low and irregular volumes of passengers and freight and the cost of maintaining aeroplanes and associated infrastructure. In some countries, including Kiribati, international transport links have worsened in the 1980s and it is now only possible to go from the western island group (the Gilberts) to the eastern group (the Line Islands) by way of Honolulu, Hawaii. Similarly in the Federated States of Micronesia, the westernmost state of Yap is normally accessible to the other states only through Guam. Within these states there are also telecommunication problems hence substantial problems of national integration and national planning let alone regional cooperation. Increasing isolation is true also of Sao Tome since independence, for some outer island groups in the Pacific and the British colony of Pitcairn Islands. When Sao Tome reached independence in 1975, political problems in Angola disrupted the traditional colonial Sao Tome-Angola axis and no effective new links replaced this one. This has contributed to technical and cultural isolation from Africa and the rest of the world (UNCTAD, 1985:188). Yet transport and communications with capital cities, neighbours and metropolitan powers, are central to development.

The two principal regions of island states, the Caribbean and the Pacific, have a number of regional organisations, such as CARICOM, the South Pacific Commission and the South Pacific Forum and its bureaucracy (SPEC), which have contributed to greater expressions of regional solidarity and recognition of common interest, but such organisations have rarely contributed to sustained economic growth, social development or regional trade and have largely been overshadowed by updated bilateral historic colonial ties (Harden, 1985:26-48). Only the SPC loosely unites all independent states and colonies in a single ocean. In both the Caribbean and the Pacific an island university links several states but decentralisation of campuses has been essential and there have been constant fissive tendencies, symbolised in the recent establishment of a National University of Western Samoa, which has minimal prospects for successful development and regional or international recognition. Though Guyana withdrew to establish its own university in 1963 the University of the West Indies survived better in later years despite, paradoxically, more limited finance from poorer governments and academic criticism both of UWI and the concept of regional integration, perhaps because most influential individuals in the region have gone through the university (Grant, 1987). Cultural ties, even cricket in the Caribbean, necessarily cannot consolidate more substantial economic and political ties, where distance, diversity (of size, ethnicity, culture and language) and similarity (of economies) hinder more formal integration. In the Mediterranean, the Atlantic and Indian Oceans, such formal or informal institutions are undeveloped. Attempts to develop more formal, federal structures have been shortlived:

In theory federal structures are able to provide many of the advantages of a larger economic unit, if factors of production, including labour, are allowed to flow freely within the component parts of the federation. In practice, political strains develop, with the outlying territories tending to resent what they see as the balance of advantages flowing to the centre and people at the centre tending to resent the influx of migrants from the periphery. Recent history does not give us great cause to believe that

independent countries will succeed in recreating those federal structures that came apart at the end of the colonial era (Faber, 1984:375).

This has not prevented constant endeavours to encourage political integration, such as the attempt in 1987 of six Caribbean states - St. Kitts, Montserrat, Dominica, St. Lucia, St. Vincent and Grenada - to move towards the creation of a single nation. Elsewhere, as in the Pacific, divisions, especially between the Polynesian and Melanesian states, have tended to become greater.

Where regional institutions are centralised, as they often are, tensions are readily apparent. In Jamaica, the perception of the University of the West Indies, was that Jamaica was overwhelmingly bearing the costs of supporting regional integration, whereas the feeling outside Jamaica was that Jamaica was gaining unduly from the presence of that institution (Grant, 1987:190). This latter view is also widely held in the Pacific, particularly with reference to the University of the South Pacific, since countries hosting regional institutions, benefit more than they contribute, through the jobs provided to their nationals as support staff and, in the case of the Fiji-based USP, the collection of taxes from all staff (Neemia, 1986b). Those countries hosting regional institutions are usually the larger states, hence even the presence of regional institutions may not engender further regional cooperation but merely cause resentment. Similarly few regional organisations have developed special procedures and policies that are oriented to the particular needs of the smaller and poorer states in regional groupings; this was apparent in the Kiribati perception of the utility of SPARTECA (Tabai, 1987). In 1978, when the Niue government prepared a paper, 'Developing Island States - a sub-grouping necessary' that called for recognition of the problems of the very smallest economies,

not only was the paper rejected by the bigger countries but it led to a very heated argument, confirming the contentious nature of 'smallness' which derives from its intrinsic advantage in a much wider international context. The bigger Pacific countries which rejected Niue's paper were fearful of its implications for their attempt to gain international recognition for the special problems of small developing island states. They felt the acceptance of the paper would be harmful to their national interest as it would divert attention away to a special group within the 'developing island states' category, to their exclusion (Neemia, 1986b:119).

Such views are scarcely conducive to genuine regional economic cooperation and have frustrated attempts to develop projects, such as the Regional Development Bank, which might be more oriented to the needs of particular, very small IMS.

There are rare exceptions where regional groups have taken note of differentiation amongst the member states. ECOWAS, which includes Sao Tome, has introduced a strengthened three-tier classification of states for trade liberalisation purposes (UNCTAD, 1986b:204-205). However much more common are failures of regional integration, as for example the rejection by Pacific IMS in 1986 of a regional tender for petroleum products, which would have saved a substantial sum and resulted in no loss of national sovereignty. Greater competition within regions is usually more apparent, because of similar economic structures. In the eastern Caribbean, for instance, Barbados has resented efforts by Grenada and St. Vincent to develop their economies by becoming independent tourist destinations, which would eliminate the need for visitors to stop over in Barbados. Indeed one observer has gone so far as to state that in the context of support for the US invasion of Grenada, 'it would be hard to argue that Barbados' recent willingness to engage in military action relating to these two neighbours was completely unrelated to its perception of its economic interests' (Espindola, 1987:67). Thjs may be an extreme view but, taken with other



examples, illustrates the extraordinary difficulty of achieving greater regional cooperation and integration amongst small, poor and competitive IMS.

The competitiveness of IMS, rather than encouraging regional economic ties, has thus tended to lead to separate development. In the Caribbean, according to former Trinidad and Tobago Prime Minister, Eric Williams, there is no 'tradition of political cooperation and consultation. It is a tradition of divisiveness and separation' (quoted by Dolman, 1985a:50) and particularism (Lowenthal and Clarke, 1980; Clarke, 1976) where political fragmentation has suggested that 'small is not beautiful' (Sanguin, 1981). As perhaps for cricket in the Caribbean, or the South Pacific Games in the Pacific, unity is symbolic rather than substantial. How far regional unity can compete with established economic relations, limited political will to devolve some aspects of national control and relic goals of self-reliance, remains to be seen. The rhetoric of regional unity is unlikely to overcome the reality of dependent development. Fission is more obvious than fusion.

## 10. TRADE AND AID

### 10.1 Trade

As the previous discussion of regional cooperation suggested, trade is characterised by limited regionalism, hence there is little trade between IMS, and by trade ties that have changed only slightly since colonial times. However for the Caribbean, North America is increasingly the largest market and Japan has become the leading market for Pacific IMS. There have also been changes in the structure of trade. Following urbanisation and static agricultural production, imports of food constitute an increasing proportion of all imports by volume (Chapter 5). In most IMS total imports are large in relation to total income, reflecting the narrow range of domestic productive activity and the consequent demand for imported goods; in general there is a correlation between imports and national income. In relatively low income IMS imports of food, beverages and tobacco are proportionately greater than imports of manufactured goods and machinery. In most IMS oil imports have substantially increased in the past decade and, in the Pacific IMS at least (and elsewhere), other goods not easily substituted domestically include chemicals, transportation equipment and certain consumer goods such as coffee, tea, spices and pharmaceuticals (Charle, 1986). Changes in the terms of trade, which have deteriorated significantly (Fairbairn, 1985:55), are likely to result in falling consumption levels and pressure for increased domestic agricultural output; such changes seem to have been met in some Pacific IMS by the 'sustained importation of non-luxury consumables even at the sacrifice of investment goods imports' (Charle, 1986:20) hence sustained high levels of, for example, processed food imports have resulted in the reduction of investment in projects oriented to economic growth, indicating the degree of difficulty facing attempts to create productive capital bases in countries with low incomes and (often) rising populations.

Almost all IMS demonstrate trade deficits. In the South Pacific the only independent state without a trade deficit in 1981 was the wealthy phosphate exporter, Nauru, and most states had a substantial and worsening trade deficit. For a group of eleven states in the South Pacific imports rose faster than exports in all except the Solomon Islands, Fiji and Vanuatu, where increased sales of fish and timber, rising sugar prices and reduced imports (in the three countries respectively) prevented a worsening trade balance (Charle, 1986:21). Agricultural products have been the mainstay of IMS exports over the years though their proportion of total exports has consistently fallen, to be replaced by manufactured goods (eg. Long, 1987). As late as 1985 it was possible to conclude for the South Pacific, that 'island countries remain essentially at the "hewers of wood" stage, with unprocessed minerals, agricultural raw materials and foodstuffs of over-riding importance' (Fairbairn, 1985:38) and, in the smaller states, there are no more than one or two such products. Nonetheless there is now much greater export diversity and exports are no longer so important to income generation. Consequently export price instability is also less critical than hitherto, though domestic stabilisation of international trade instability is an important development planning objective. A variety of policy measures and institutional arrangements, including the formation of agricultural commodity boards, integrated fiscal stabilization, long-term supply contracts (such as various sugar agreements), greater emphasis on export diversification and counter-cyclical monetary policies, have been adopted to minimise export instability and avoid balance of payments crises (ESCAP, 1983). However for most IMS the limited range of imports means that countries are liable to remain more vulnerable to export trade instability (and also imported inflation) than larger states.

Foreign exchange earnings from trade are supplemented by direct investment funds from overseas (though, in small IMS such as Tonga and Western Samoa,

these are no more than 10 per cent of the value of imports), by official and private transfers of capital (primarily aid and remittances) and by the international sale of services. Trade deficits have thus been made possible by unilateral transfers from foreign governments and migrants. Ease of international credit availability in the recent past 'has made possible a course of import-based social change well in advance of the expansion of the region's export producing capacity' (Charle, 1986:23), a situation more true of IMS in the Pacific than in other regions. Though Charle concludes that 'ultimately, the value of the [South Pacific] region's exports must expand to pay the rising import costs (since aid flows) may seem objectionable because of their political implications but, in any event, are by nature temporary' (Charle, 1986:23) it is equally possible (see 10.2 below) that such flows may be more substantial and permanent than has generally been hitherto envisaged. Nevertheless it is obviously crucial for governments in IMS to adopt policies aimed at stimulating export flows.

Changes in trade structures that have granted preferential access to some goods from some IMS, such as the Lomé Conventions of EEC, the Caribbean Basin Initiative and SPARTECA, have been the most important influences on changing trade structures. Such trade agreements are not without disadvantages. The Caribbean Basin Initiative excluded sugar. SPARTECA's rules of origin made expansion of the significant garment industry very difficult, and many other goods produced in Pacific IMS were also excluded. Other barriers to trade, as in the case of Fiji (Taylor, 1987b:72; World Bank, 1987b:76) have proved difficult to breach, and trade agreements have primarily benefited larger, more industrialised IMS. Given the difficulties of competition in IMS such concessionary agreements will continue to be crucial to future expansion of exports because of the lack of real comparative advantage and hence IMS uncompetitiveness in most economic arenas. However non-tariff restrictions on trade are substantial in some European countries and tight protectionist policies have been particularly disadvantageous for several of the agricultural products of IMS, such as fruit and fish (UNCTAD, 1985:74-76). IMS have generally been unable to significantly increase their exports, even during a period of rapid expansion in world trade, and this decline has also been true of services. Increased demand for primary commodities, generated by rapid economic growth in the industrialised countries, enabled some increased exports but, for most IMS, 'the relatively small income elasticities of demand for these commodities implied that the intensity of this demand was transmitted only moderately as compared to the high demand in linkages for manufactured products' (UNCTAD, 1985:42). Global economic growth was not shared by the LDCs nor most of the IMS. Though UNCTAD has noted, with reference to the diversity of even the limited number of export successes in LDCs, that 'it should not be forgotten that some of the other successful developing countries, particularly several in the East Asian region, only decades ago had an export base as limited as that of a typical LDC' (UNCTAD, 1985:49). The implication of this conclusion, that rapid economic growth is possible in some LDCs, is not a conclusion appropriate for the IMS.

## 10.2 Aid

In most IMS the prospects for sustained economic growth are extremely limited hence there is a strong case for external assistance. Indeed IMS increasingly tend to look towards foreign aid and investment as a means of solving economic problems to a rather greater extent than in larger countries. Most countries in the South Pacific have, at one time or another, demanded greater aid levels, demands that often appear as 'loud complaints' (Shaw, 1982:99). There has been little or no opposition to the principle of sustained aid delivery despite the consistent rhetoric of self-reliance enshrined in national development plans (Connell, 1986b). The weight of precedent precludes significant reduction in aid without presenting

the appearance of a political snub to the recipient countries concerned. Underlying this is the perception of the necessity for peaceful change in IMS, a situation that is likely to be sustained and encouraged by greater aid levels, although the components of that aid are crucial to the trajectory of change. At higher per capita income levels, with greater local financial resources, and with economic policies which also enable mobilisation of foreign exchange, the necessity for aid declines. However, even if these conditions occur (and there is little general indication that they will), a pattern of extensive foreign ownership of the economy, combined with high personal consumption expenditure on imported goods and services may reduce 'surpluses' retained for investment in the national economy and so perpetuate the need for aid, even at fairly high national income levels (Demas, 1975:196). These conditions currently prevail in most IMS and are accentuated by trade dependence, remittances and a reliance on overseas technical and managerial expertise.

A recent review of Australian aid delivery considered humanitarian, strategic and commercial objectives for aid delivery and noted that, 'the faster development takes place the better Australian strategic and economic interests will be served. As development programs succeed, the need for aid will decline and ultimately disappear' (Jackson Report, 1984:23). The balance in this review emphasized Australian interests, while no evidence was presented to suggest that the need for aid was likely to eventually disappear. Thus Australian aid, much of which is targeted at Pacific IMS, is likely to increase since it serves Australian strategic and, to a lesser extent, economic interests. Exactly the same is true of Japanese aid in the Pacific region, which has significantly increased in recent years in line with Japan's growing resource and strategic interests in the region (Edo, 1986; Rix, 1987). Canada also announced in mid-1987 that it would effectively treble its aid allocation to the South Pacific region from 1988 onwards. This situation is true in other regions such as the Caribbean, where several IMS have gained from increased assistance under President Reagan's Caribbean Basin Initiative. Those, primarily Scandinavian, states which emphasise such issues as human rights and national policies directed towards self-reliance and basic needs are not major sources of aid for IMS. Thus for a number of prominent aid donors, despite widespread aid fatigue, high levels of aid delivery to IMS are likely to persist and may even increase. They may also take different forms.

Overall per capita aid flows to IMS are exceptionally high by global standards, especially in the Pacific region, but are highest of all for territories that remain in a dependent relationship, notably the French overseas departments and territories. In nine states in the Pacific aid is equivalent to at least 50 per cent of all income and in twelve is equivalent to over 50 per cent of government expenditure (Sevele, 1984:22). The IMS, especially in the Pacific and Caribbean, have benefited from the 'small-country bias' that marks the aid-giving policies of most donor nations (De Vries, 1975; Eisen, 1973). De Vries (1975) has argued that this bias in distribution partially follows a greater need by small states for aid because of diseconomies of scale and limits to domestic diversification. Small island states have little possibility of achieving economies of scale in transport, communications or administration. Isolation and shipping costs restrict overseas investment, and local industry is hampered by market size, transport and limited local resources, resulting in significant import dependency. Capital is difficult to obtain from major financial institutions, such as the IMF and the Asian Development Bank, which are geared to providing large loans on competitive markets to larger nations with greater prospects of economic growth. Other explanations for the small country bias are, firstly that small countries have more interest in building effective donor-recipient relationships which 'may be significant to donors seeking to build political alliances through aid relationships' (Percival, 1981:49). Secondly, aid given to small states assumes a much higher 'visibility' than in large states, especially where that aid comes from a very

limited number of donor countries. Thirdly, donor agencies believe they can more effectively evaluate the effects of aid in small states (Eisen, 1973:2). The Jackson Report clearly spelled out the reasons why small South Pacific states receive disproportionate aid allocations: 'Small states carry the same voting weight in the United Nations as large states, so the strategic and political imperatives of aid tend to favour small countries' (Jackson Report, 1984:42). The bias towards small states that results from their economic, administrative and locational disadvantages is reinforced by political and strategic considerations. Consequently a recent trend, in the Pacific region at least, is for several of the more established donors to extend their traditional range of assisted countries (Sevele, 1984:24-5). In recent years there has been a real increase in aid to IMS and a greater diversification both of aid donors and the geographical extent of their assistance. Moreover aid has come on the softest possible terms such as those from the World Bank's International Development Association, though these were withdrawn in the Caribbean IMS after the countries passed the ceiling of US\$790 per capita income (Lestrade, 1987:80). In some circumstances then some forms of aid have not been as freely available as in the past but this is abnormal.

Aid given by multilateral organisations also exhibits a bias towards IMS. However multilateral organisations have some advantages in that their activities minimise overtones of charity and interventionism, they have the ability to mobilise capital and expertise beyond the capacity of individual donors and they can coordinate aid from both multilateral and bilateral sources (Percival, 1981:76-7). The necessity for greater aid coordination is considerable in most IMS (Lestrade, 1987; Pollard, 1987; Teskey, 1987) and the lack of specialists in most IMS places a considerable burden on already overtaxed staff, diverting them from other duties (Ward, 1982:189). Multilateral organisations could play a much improved role in coordination and project identification than currently occurs (cf. AIDAB, 1987:46-47).

For many prominent bilateral aid donors, and hence for many IMS recipients, the actual targets for project aid are rarely clearly identified and there has been little assessment of the effectiveness of project aid. In some states (such as Papua New Guinea) aid is almost entirely budgetary aid and hence no real evaluation is possible. In 1987 Tuvalu established an aid Trust Fund of A\$27 million composed of direct cash donations by Tuvalu's traditional aid donors. This fund will be managed by a subsidiary of the Australian bank, Westpac, and if successful Tuvalu will be able to live off the annual interest, thus dispensing with conventional annual aid delivery. The money will be invested in a low-risk spread of assets, including fixed-interest funds, equities and property. The fund is to be administered by Westpac through a board which will include representatives of the principal aid donors, the United Kingdom, New Zealand and Australia. Japan has been granted observer status, and South Korea may subsequently attain observer status; both countries made smaller contributions to the fund. The fund should enable Tuvalu to clear its recurrent deficit and contribute to long-term financial viability by earning an annual interest almost that of current aid receipts (Fisk and Mellor, 1986). The donors will have some ability to monitor the effectiveness of this fund in contributing to national development. In some respects the Trust Fund is based on the nearby success of the Revenue Equalisation Fund (RERF), derived from historic phosphate revenue in Kiribati (Bertram, 1986:820; Pollard, 1987), and suggests that other IMS especially the smallest, might gain from the creation of similar funds.

For several major donors the actual direct effectiveness of aid is not a critical issue, hence there is often little discussion of the role of such sectors as agriculture and fisheries in national development (Connell, 1986b:65). For donors the real issue is delivery rather than performance. A high proportion of aid consequently goes into infrastructure provision, and this 'technological bias' has

been criticised because of its urban bias, limited 'spread effects' and high maintenance costs (*op cit*:72). The limited contribution of aid to actual economic development in Pacific IMS has led to one conclusion

that 'economic development' is a spurious concept for the Pacific...Opportunities for achieving real self-reliance through structural transformation are minimal. 'Economic development' is patently the wrong measure for the Pacific. The development effort to date, assisted substantially by aid, has achieved little in reducing economic dependence, in stabilising production and markets, in reducing or averting social crises, or in bringing about a degree of balance between population and resources in the islands, although improvements in material welfare have been achieved. Firmer recognition is needed that island socio-economies have inherent and enduring limitations (Howlett, 1983:1).

Aid nonetheless has welfare benefits in IMS like Kiribati, where its economic benefit is minimal, and economic benefits in larger IMS, though these are rarely substantial.

Though there has been widespread criticism of aid both within donor countries and, to a much lesser extent, in recipient states, such views have been minority perspectives. A prominent Tongan anthropologist has argued that aid

perpetuates the feelings of superiority and inferiority fostered initially during the period of colonialism, helps to maintain paternalism in the relationships between communities and between sections of communities, contributes to the erosion of the sense of self-respect that people have of themselves as individuals or as groups, and leads to all kinds of cynical and corrupt practices (Hau'ofa, 1985:2).

and the Western Samoan novelist and academic Albert Wendt has reviewed in a similar vein the state of the economy after quarter of a century of independence:

Over half our annual budget is from foreign aid (direct and indirect). Like most other Pacific countries, we've become a permanent welfare case. I can't see us ever getting out of the hole. Many of our leaders don't want to: foreign aid is now built into their view of development, into their way of life. It is also in the interests of foreign powers (our supposed benefactors) to keep us hooked on their aid (Wendt, 1987:15).

but such views have not found official favour with either donors or recipients and aid levels are likely to remain high, not because aid will ultimately contribute to economic growth but because of its political and strategic significance. Following the coups in Fiji, although aid from nearby Australia was suspended (temporarily), there were new offers of aid from Indonesia and Malaysia. Development planning must take into account the future dominance of aid flows and all the evidence (cf. Brookfield, 1987 :56-57) suggests that overseas assistance to IMS is unlikely to decline in the foreseeable future though it may take new forms.

## 11. DEVELOPMENT AND DEPENDENCE. TOWARDS THE FUTURE

This monograph has examined contemporary trends in IMS, following on from major economic and social changes and their implications for development, and noted the very limited range of policies that appeared to have some prospects of success. However many of these have been in some respects specific to no more than one or a small number of IMS. Indeed in 1967 Benedict noted that there could be no single conclusion on the future prospects of small states and there was 'no overall formula' (Benedict, 1967:8) for future development strategies. Since then the growing complexity of the international economy and that of the IMS themselves makes this conclusion even more appropriate. Small size is a constraint to development rather than itself a problem; problems of development vary widely.

It is readily apparent that socio-economic conditions and prospects for development vary substantially between IMS, despite some structural similarities. The most difficult problems are in the seven IMS officially classified as Least Developed Countries (LDCs), Cape Verde, Comoros, Maldives, Sao Tome and Western Samoa, and the two recent additions to that list, Tuvalu and Kiribati. In every case these island states are relatively remote from industrialised states, composed of archipelagoes, have a heavy dependence on agriculture, low per-capita incomes, limited tourism or manufacturing industry (and few prospects for further development, except perhaps in Cape Verde and the Comoros), high rates of emigration (but only where this is possible) and, perhaps most important of all, limited access to concessionary trade, aid (and migration) policies from more developed states. None of these states are without some room for manoeuvre but their options are severely limited by almost all the constraints discussed earlier (Chapter 1). Other IMS with severe development problems include the new Micronesian states, and especially the Marshall Islands, though their problems are of a quite different order (Connell, 1987d). Comparison between these IMS and those where there have been some successes is useful but not of great value without appropriate and detailed comparative examination of the structural situation of particular places.

In the case of the smallest Pacific IMS (Kiribati, Cook Islands, Tuvalu and Niue) these have been recently characterised as being a group for which the 'microstate model' of development applies, that is they 'are characterised by extremely small populations and land areas, dispersed islands and remoteness from world markets making it virtually impossible to increase income to meet aspirations through domestic production' (AIDAB, 1987:5). Significantly all of these states are composed primarily of atolls. A valuable earlier report on development prospects in Kiribati and Tuvalu reached similar limited conclusions, though it identified a series of possible policy decisions (Geddes *et al.*, 1982). A further review of development prospects in a wider range of Pacific IMS concluded that 'hopes of achieving a level of economic development capable of producing cumulative growth seem nothing more than a pipe dream' (Fairbairn, 1985:97; cf. Bertram, 1986). These states are likely to remain exceptionally dependent on aid and concessionary external assistance for the foreseeable future; further proposals to increase official development assistance to LDCs will be essential for the IMS in that category. Significantly, the IMS LDCs have been able to attract substantially more concessionary aid per capita than other LDCs (UNCTAD, 1985:26). Fears that aid commitments will decline in the future are less likely to be true for IMS, because of their strategic significance and because the actual volume of aid is quite small. In some circumstances, as in some of the South Pacific states, this may take quite new forms through concessionary migration schemes. It is however equally improbable that any form of aid will be able to stimulate economic growth at a rate that will meet the inhabitants' demands for income and

employment. Emigration is therefore likely to remain or become a preferred option in these states.

Despite the widespread post-independence emphasis on the need for greater self-reliance, far beyond merely fiscal self-reliance, this rhetoric has failed to disguise the reality of increasing incorporation. The contemporary structure of development is closely related to the long colonial history, and 'psychological dependence on a hierarchical social structure based upon race has not been changed by the advent of "flag" independence' (Axline, 1986:46). IMS have become increasingly dependent on the external environment for capital (aid, loans, remittances and private investment), technology and commodities, expertise and even cultural change. Growing dependence has inevitably meant some loss of autonomy and self-sufficiency even if there has often been a 'negotiated dependence' albeit on unequal terms.

However a very small number of IMS remain committed to greater self-reliance. One of these is Kiribati where, as recently expressed by the President, it is 'our fundamental conviction that there is no alternative to developing our country so that we can at least stand on our god-given feet. We believe also that any other alternative is no alternative at all, because it would definitely condemn us to perpetual dependence on others - something that is inconsistent with our national objectives - something that obviously cannot be regarded as development' (Tabai, 1987:4). Kiribati has put issues of principle to the fore, in rejecting an airline deal with an Australian company and a second fisheries agreement with the Soviet Union, both of which offered incomes less than those that the government felt were just. Moreover Kiribati has also attempted to translate the rhetoric of self-reliance into reality, through 'the early ending of budgetary aid, the containment of government expenditure and the more recent commitment of local funds to development and the priority of resource development' though it has 'over-invested in non-productive sectors, especially transport and communications [and] has also failed to stimulate the development of tourism, minerals and manufacturing and the further development of its fisheries and overseas employment' (Pollard, 1987:19). This last policy has long been crucial and might elsewhere be seen as not wholly consistent with self-reliance. Indeed self-reliance means quite different things, even to people who think they agree; in Vanuatu, in all three official languages, it 'is a widely understood concept with a range of meanings [and] has a different meaning for villagers than it does at the state level' (Rodman, 1987b:713). Whatever the meaning it is apparent that Kiribati at least has both room to manoeuvre and intentions of becoming more self-reliant. If movement in this direction is possible in Kiribati then it is certainly possible elsewhere.

It is apparent that IMS have a series of policy options that will increase their self-reliance; many of these were considered in broad terms in Chapter Two. As is apparent, in many IMS, policies are lacking and practice is deficient hence such movement towards greater self-reliance is difficult and demanding. In Kiribati, where options are few but 'there is strength in its cultural cohesion, social organisation, political stability and a flexible subsistence sector' (Pollard, 1987:17), the achievement of greater self-reliance is possible only 'at a price. It will not be achieved without further sacrifice in terms of foregone consumption and restricted aspirations... Many more sacrifices will be required in the future if a true commitment to self-reliance is to be maintained' (Pollard, 1987:19, 23; cf. Payne, 1987:56). It appears therefore that although self-reliance is an important goal, especially in some sectors, and should remain a target, the prospects for an overall increase in self-reliance are very small indeed. More often self-reliance remains a nominal political objective, the key to the formulation of development plans, but not a genuine economic objective. Not surprisingly



it can be said of many small island economies that the foreign sector is the economy, the domestic sector being confined to a quartermaster function, providing wage goods and services to local workers or inputs into export activities: ownership of dwellings, government services, construction, transport, distribution and trade, repairs (grandly classified as manufacturing), some food and a few other support activities (Dommen and Hein, 1985:152-3).

This kind of structure ensures that there is a major distinction between policy (which is rational and enshrines various technical objectives, which may include greater self-reliance) and politics, which remains the art of the possible.

The problems that are faced by most developing nations, such as excessive rates of urbanisation without industrialisation, rapid population growth, the erosion of food cultivation at the expense of cash crop cultivation and, in general, increasing dependence on worsening terms of trade, are enhanced in IMS by inability to significantly diversify economies, and especially to provide cash incomes outside the agricultural and administrative sectors, neither of which have much capacity for growth. In the Pacific and Indian Oceans these problems are further emphasized by the massive distances between extremely small nations, the tenuous links between them (born of their colonial histories) and fragmentation. Strategies of development that appear viable elsewhere have more limited potential in IMS.

The decline or stagnation of the productive sector (especially agriculture) and the growth of imports, offset by aid, remittances and tourist revenue, in a situation where much employment is concentrated in the public sector has led to the conceptualisation of the smallest Pacific micro-states as MIRAB economies, dependent on Migration, Remittances and Aid, thus sustaining the Bureaucracy (Bertram and Watters, 1985, 1986). The urban bias of MIRAB economies, in aid delivery, bank loans and urbanisation (especially of the bureaucracy) and the demise of agriculture and fisheries, suggests that a better acronym would might be MURAB (D. Munro, pers. comm., 1986). Brookfield has gone beyond this to suggest that since it is Government Employment that predominates in the Bureaucracy the microstate economy might best be conceived of as a MIRAGE, that is scarcely a sustainable economy at all (cited by Bertram and Watters, 1985:497; cf. Tisdell and Fairbairn, 1984; Brookfield, 1986). Independently, Dolman has commented that, in contrast to aid and remittances, only tourism is a 'legitimate economic activity' (Dolman, 1985:46). By contrast Bertram has argued that in such small IMS the thrust of most development planning, with its focus on production, is misplaced since 'aid, philately and migrant remittances are not merely supplements to local incomes, they are the foundations of the modern economy' (Bertram, 1986:809). Moreover the MIRAB system has another advantage in having virtually no negative ecological implications (P. Hein, 1986:7; cf. Wace, 1980). Elsewhere the Seychelles has been characterised as having 'a rentier-type of prosperity, arising from its "untouched", remote and beautiful environment' (Kaplinsky, 1983:214) and it is readily apparent from previous chapters that this situation is increasingly common elsewhere.

In the smallest IMS and dependent territories where aid (and remittances) have been substantial the structure of the economy has been transformed from subsistence towards subsidy. This has been most apparent in the dependent MIRAB territories, such as Tokelau and the Cook Islands, emerging Micronesian states (eg. Peoples, 1985; cf. Connell, 1987d), and was perhaps first noted in the Torres Strait islands (H. Duncan, pers. comm, 1976; cf. Bertram and Watters, 1986). In each of these cases the subsistence (and minor export) economy was being rapidly eroded. Harden's belief that 'paucity of resources may theoretically affect the criterion of independence' (1985:52) is equally practical. The smallest

colonies and IMS, by choice, and larger IMS, for want of a superior option, have increased their ties with metropolitan powers and moved from productive towards rentier status. More recently it has become apparent that exactly the same structural transformation is occurring amongst many minority peoples on the strategic periphery of large states, for example in the Arctic (eg. Sandell and Sandell, 1986; Robinson and Ghostkeeper, 1987). In every case communities do not wish to withdraw towards subsistence and self-reliance, migration of the young has reduced genuine local development opportunities, and metropolitan governments have been willing, reluctantly or not, to construct a new form of bureaucratic dependency.

Of course such changing structures of dependence, or cooperation or interdependence, are nothing new. In many small islands especially, traditional livelihoods were constantly threatened by external hazards, mainly natural, and in most regions 'one of the main characteristics of these islands [the Western Carolines] is flexibility in adapting to changing conditions by recognising legitimate courses of action' (Alkire, 1965:2). Such flexibility here involved the construction of social, economic and political ties with neighbouring atolls that could be called upon at times of stress. In contemporary times such flexible strategies have merely been refined and reformulated. Thus in the case of Vatulele island in Fiji, which occasionally requires freshwater supplies from the main island of Viti Levu, 'dependence on the central government is in fact the result of national, responsible decision-making. With regard to water resources, dependency is sanctioned and encouraged by government action and is culturally a legitimate strategy that is effectively no different from former island network relationships' (McInnes, 1986:132-3). In unusually remote islands, for example in pre-historic Pitcairn island, effectively enforced isolation may simply have meant the death of island communities. Autarchy was probably scarcely more welcome in the past than it is now.

The epitome of MIRAB economies may well be in such French overseas departments as Martinique where

A growing economic dependence on the Metropole, stemming from a plunge in the productive capacity of the islands, a shift from the primary to the services sector (with no intervening expansion of industry), the growth in transfer funds (particularly family allocations), the ballooning of the local bureaucracy, and the growing exodus of what is considered the more dynamic, enterprising, and often skilled part of the island's youth - nevertheless combined with a visible heightening in the population's standard of living, health, education, services and level of infrastructure - could only intensify Martinicans' perceived political dependence on, and the fierceness of their loyalty to France (Miles, 1986:158; cf. de Miras, 1987).

And this is Martinique, the home of Aimé Césaire, apostle of autonomy and négritude. Significantly there is no real independence movement there or in other French overseas departments. Elsewhere too there are few demands for independence in most island territories, other than New Caledonia, which is characterised by uneven development primarily across ethnic divisions. It is no accident that the initial depiction of MIRAB incorporated both IMS (Tuvalu and Kiribati) and dependent territories (Cook Islands, Niue and Tokelau). Political independence was not a significant variable. In Martinique and elsewhere 'the central economic problem...is the preservation and enhancement of their status as rentier societies' (Bertram, 1986:309), hence the manner in which the consolidation of the global political economy has hastened the end of the era of decolonisation. Moreover practices once regarded in a largely negative light, such as tourism and emigration, have widely become enshrined as policies as conventional strategies

have proved disappointing. Industrialisation is by imitation and invitation, a model first shaped in a different vein by Arthur Lewis in the 1950s; tax havens are created and territorial waters leased out, as dependence is increasingly negotiated. Ecological degradation on land and sea and population growth reduce historically valid economic options. The modern era has seen the end of a clientelistic colonialism, 'replaced by all-embracing sphere of influence, the tenets of which will be over time just as politically and psychologically effective as the historically brutal experience of colonialism' (Thorndike, 1985:xiv). Perhaps so, but for the moment this has often enabled rentier economies to diversify, as governments contemplate a variety of options and, where islands occupy strategic locations, real prospects for maintaining and enhancing rentier status exist.

Two decades ago Benedict concluded that 'the best solution for small territories is to look for some form of economic integration with their neighbours' (Benedict, 1967:8). Though the IMS have invariably officially sought greater self-reliance, and also regional economic cooperation, in the post-independence era they have invariably been integrated into the economies of metropolitan states. Although there continue to be proposals for regional integration, as in the recent proposal for political integration of six eastern Caribbean states, regional cooperation has largely been a failure and small states have maintained and even increased their ties with distant metropolitan powers. Moreover, as the close of the era of decolonisation indicates, microstates (and colonies) that have a 'special relationship' with a metropolitan power may be better off than those which do not. Dommen bluntly states that 'the particularly poor island countries are those which have failed to establish sufficiently intimate relations with a prosperous protector' (1980:195). In the same vein Winchester suggests that the remaining British colonies might be better off by strengthening their ties with the United Kingdom in the manner that French 'colonies' have become overseas territories and departments (Winchester 1980:309). Early in 1987 when it was feared in the Turks and Caicos islands that the United Kingdom might relinquish its sovereignty, there were moves there to make the colony a ward or territory of Canada. In Rodrigues, the elite complain over their 'neo-colonial' status as an outer island of Mauritius and prefer some form of direct association with Europe or another wealthy continent (Paul, 1987:10). In the Pacific, as one prominent Member of Parliament in the Australian Labor Party Government, Gordon Bilney, has recently pointed out, despite it being 'an unfortunate fact for those who believe in independence and freedom of determination' because standards of living, including health levels, were higher in associated territories; 'Perhaps the best thing that countries like Australia should be doing in the South Pacific is encouraging moves towards closer satrapy - towards closer association and, indeed, even eventual incorporation of these politics into the major powers such as Australia' (quoted in Fraser, 1987:17). At much the same time it was noted that 'the question of closer political integration with metropolitan countries has received little serious attention to date, but it is a possibility that Pacific leaders may wish to address' (Fairbairn, 1987:51). Because of the structure of development, the smallest states are inexorably moving towards a situation where their autonomy is severely constrained, yet none are likely to relinquish what was sometimes a hard won independent political status.

The states that are the greatest global per capita aid recipients are primarily colonies and territories (including, for example, Pitcairn Island and the French overseas territories and departments). As the case of Martinique demonstrates this has discouraged independence sentiments. Moreover, as Tuvalu and Mayotte have shown, secession from an IMS substantially increased material rewards. Thorndike has even argued that the smaller Caribbean IMS, such as Grenada, 'particularly sought independence ultimately to gain access to multilateral aid funds and to participate in international forums primarily concerned with economic development, rather than from an appreciation of its intrinsic worth' (Thorndike,

1985:8; my emphasis). The combination of a degree of isolation (and hence strategic significance) and a measure of political 'independence', through either sovereign status or recognition in some manner as a separate political entity, has granted superior access not only to aid but to new areas of policy formation and concessions of other kinds. This has been well expressed elsewhere:

As an example of a island on the periphery of an industrialised country, let us consider the island of Colonsay in the Hebrides. It cannot pass its own laws. It cannot set up its own courts. It cannot establish its own central bank. It cannot issue its own currency. It cannot conduct its own foreign policy or join international organisations. More specifically, it cannot make its own personal tax laws as Jersey and Guernsey do in order to attract millionaires and investment trusts. It cannot offer particularly favourable treatment for companies as Bermuda does. It cannot become a haven for offshore banks like the Cayman Islands and Vanuatu. It cannot live off offshore oil revenue because that will be taken by the central government (ask the Orkneys and Shetland Islands); it cannot issue its own stamps as Tuvalu does. It cannot open casinos which can be used to launder money like Nassau has. It cannot rent out fishing rights in its exclusive economic zone like Kiribati and the Solomon Islands. It cannot lease bases to foreign military powers like the Wake Islands [sic] and Guam do. It cannot charge great powers for not leasing out bases to potentially hostile powers as some of the Western Pacific Islands are seeking to do (Faber, 1984:376).

It is scarcely surprising therefore that secession movements, including the recent demands for independence in Rotuma and the Torres Strait, are not uncommon (cf. Lowenthal, 1987b:13). However for exactly the same reasons they are rarely likely to be successful.

Beyond such political considerations development policy prescriptions that focus entirely on self-reliance, and not on interdependence, are unlikely to be taken in full for several reasons: the constraints of more than lingering demands for the prestige associated with modernisation, westernisation, and urban-industrial development; the difficulties attached to establishing rural projects (which are rarely prestigious); and the fact that concerted comprehensive policy formation in loosely structured, democratic states is already difficult to achieve (and development plans are sometimes non-existent). Dolman has concluded one review of island states by querying: 'Is it too much to suggest that small islands, for all the problems and constraints that confront them, could become the laboratory in which alternative development strategies, shaped by the notion of self-reliance, first see the light of day?' (1985a:63). Unfortunately for populist notions it is much too late.

The exotic image of tropical islands and widespread assumptions of something akin to a history of 'subsistence affluence' (Fisk, 1982), even enabling some to discover situations 'where the poor are happy' (Owen, 1955), contrasts with a reality of struggle for survival, and the erosion of sovereignty, as self-reliance becomes no more than a mythical state. Some twenty years ago Ward commented in the context of small Polynesian islands, 'such a prospect is sad, but it certainly appears that many of the smaller islands will cease to be viable socio-economic units as present trends in cultural change continue' (Ward, 1967:96). Even in much larger countries attempts to achieve self-reliance often appear no more than reflections of the aspirations that must suffice if growth cannot easily be achieved: as Joseph puts it, in a Nigerian context, self-reliance is 'little more than a ritual for exorcising the devil of dependence' (1978:223). This is not very different from Leys' observation for Kenya that foreign capital must 'be ritually "humiliated" while practically wooed' (Leys, 1975:208). Yet because of the

difficulty of becoming self-reliant in such basic requirements as food and energy, even if appropriate policies were chosen, put most bluntly, 'it would only be by accepting primitive standards of development for all the people that autarky could be made in any way practicable...Even in the Pacific, perhaps the one remaining part of the world in which such ideas do not appear absurd, the pace of absorption into the world economic and political system is quickening all the time' (Payne, 1987:56). But then islands and societies were never wholly isolated and self-reliant in the past; there is no reason to believe that they can become so now. Self-reliance is at best a yardstick according to which successes and failures in development strategy might be measured. There seems no real alternative to a future of economic and cultural dependence that would result from fluctuating strategies alternating between different ideologies and different internal and external sources of support - which are a function of the democratic process. Indeed many of the changes that would enhance self-reliance must be associated, at least initially, with foreign aid inputs. Simultaneously, such development strategies may often fail to meet the aspirations of the young, especially as they run counter to perceived trends in metropolitan countries, and are (like land reform) inherently difficult to implement. The future may well lie in maximising the various elements of interdependence to take advantage of concessionary schemes and the strategic significance of almost all IMS whilst strengthening self-reliance in such critical areas as food production and artisanal fisheries, in order to strengthen the 'subsistence safety-net'. The reality of closer incorporation underlies most development practice and widespread high levels of migration are reality and metaphor of development.

In the case of the small west African state of Gambia, Hughes has observed that 'multilateral dependency would seem to be the most the country can expect under present circumstances' (Hughes, 1987:155). Yet such forms of dependency may not necessarily be problematic; 'in discussing small states it is too easy to conclude that relationships of dependency imply a problem' (Craig, 1987:170). The crudest versions of dependency theory have been laid to rest in those parts of the global periphery, notably the Newly Industrialising Countries of Asia, where external assistance has contributed to capitalist development, though not without problems. Many IMS are anxious to reinforce their current degree of dependence on aid, concessionary trade, migration opportunities and so on, and this is not merely out of false consciousness but out of a recognition that the contemporary IMS are unusually disadvantaged in a global environment that is not characterised by widespread economic growth. As Taylor has remarked for one previously fairly successful IMS:

It is only too easy to spell out Fiji's development problems... and economic commentators have been reciting the same litany for decades. They have consistently prophesied doom and gloom and the imminent collapse of the economy, always calling on the same set of structural and social problems. To them the only possible solutions are economically rational solutions; through structural change in the economy; through an all-out attack on the population problem; through improved access to land; through diversification of the agricultural export base and so on. What is most surprising is that, despite decades of exhortation to change, the structure of Fiji's economy remains remarkably (if not dishearteningly) stable (Taylor, 1987a:1).

A similar conclusion might be reached for many other IMS where structural changes and so on have not been made. Development demands more than merely identifying the problems. Thus a series of reports for Fiji have recommended relatively conventional policy measures such as agricultural diversification (away from low income export crops such as copra, or low income-generating livestock industries), increased domestic food production, improved extension services and

market structures, land tenure reform, population control, expansion of industrialisation (for import-substitution and export-promotion) and so on. All of these are important and sometimes obvious yet none have genuinely succeeded. Where Fiji, and most other IMS, have succeeded, is in gaining and maintaining concessionary assistance of one form or another. This is not to say that movement towards self-reliant development is not possible, which would be nonsense and misguided, but merely to note that structures of dependence or interdependence have become rather more important. As this occurs it becomes increasingly difficult to continue to implement 'conventional' economic development strategies.

In a number of ways concessionary schemes for trade, aid and migration have increased the income-generating capacity of IMS and their inhabitants. For example the provisions of the Law of the Sea have given island states Exclusive Economic Zones (EEZs) up to 200 miles from their coasts. Alongside improving techniques for submarine resource exploitation and more wide-ranging global military capacity, this has dramatically increased the potential economic value of all islands, but especially the more remote and isolated. Realising this potential will not be easy, but there is widespread goodwill towards small developing states (United Nations, 1986) even if heavily tinged with self-interest, hence the IMS can reasonably expect to continue to receive concessionary assistance. Cape Verde has included activities related to its "geo-economic position" as one of its three sectoral priorities in the 1982-85 Development Plan but noted the problem that 'it is not possible to draw a sure perspective (for this set of activities), given the uncertainty which follows from its dependence on the international situation' (UNCTAD, 1985:65). Though this is undoubtedly true, and reflects the range of uncertainties facing IMS, uncertainty over the international political situation is no greater than that over the economic situation. A critical question is how long 'abetting not aiding' or 'aid with dignity' will last, dependent as it is on decisions taken in several overseas states and within the EEC, and how IMS might maximise gains from interdependence and translate them into more self-sustaining growth. At a global level there are three principle issues that might be pursued by IMS: trade access, loan restructuring and concessional (aid) finance (Green, 1983:90). There is no reason to believe that further negotiated achievements are not possible, and such negotiations would have significance for IMS. It may be that much the most appropriate assistance that richer countries can give is by ensuring that IMS can gain continued access to various forms of aid, concessional loans and trading opportunities.

The much vaunted comparative advantage of IMS lies not in the conventional economic spheres of cheap labour, copra production etc. but in the ability to attract aid and other concessionary finance (which includes remittances from international migration) and, perhaps, the minimal regulation of IMS economies:

One of the main problems which small islands may face, in implementing their trade policy and entering into some of the most dynamic sectors available, is that their policies may appear unfashionable, if not downright unpopular, in international 'development circles'. A number of islands are already accused of encouraging smuggling or harbouring dubious operators. Any mention of tourism, overseas entrepreneurs, migration, work on foreign ships, i.e. crews of convenience, export processing zones, tax havens, offshore banking, strategic bases, concentration on specialised exotic products, flags of convenience, etc. goes against the mainstream of the prescriptions of self-reliant, grass-roots development apologists (Dommen and Hein, 1985:180).

However in these kinds of policies the IMS are only following an earlier European model, pioneered in such micro-states as the Vatican City, Monaco, San Marino, Andorra, the Channel Islands or the Isle of Man. In the transition to

MIRAB, IMS are thus effectively rejecting development models for which evidence of success is extremely difficult to find and towards a new form of negotiated dependence

It must finally be noted that there are definite pitfalls in over-dependence on external assistance. The current Development Plan for St. Vincent and the Grenadines records that one of four serious deficiencies in earlier Plans was 'extensive reliance on external sources of funding, which led to the subordination of domestic goals, objectives and priorities to the trade and foreign policy considerations of the UK government. This resulted in serious sectoral inconsistencies which stemmed directly from the donor's sectoral preferences' (Central Planning Division, 1986:1). Recipient IMS must be in the position of being able to distinguish between appropriate and inappropriate development assistance and be able to implement national planning decisions. They must therefore have a viable national development plan and must also have access to a diverse range of overseas opportunities. Diversity is the key to development.

Islands are candles, to be snuffed out one by one only for those island-living species which are territorially bound and unable either to adapt to, resist or retire in the face of innovation. The concept of insularity would have had as little meaning to the Pacific islanders as to the Vikings: the sea was as much part of their living space as was the land. It is not insular environment that makes an island population vulnerable, or size, but the adaptive and mobility characteristics of the population concerned, and the real degree of isolation. Creatures that can move, retire into or recruit from other environments have far greater survival capacity than those which have no choice but to remain passively where they are (Brookfield, 1980:25).

What can be concluded with almost complete certainty is that future development trends in IMS will continue to surprise outside, and inside, observers. After two military coups, and a unilateral declaration of independence in Rotuma, in the space of less than a year in Fiji, predictions about the economic future of IMS are inevitably risky. However if IMS are able to implement appropriate policies directed to greater self-reliance in key economic sectors, and are able to maintain and diversify their relations with rich-world countries, future prospects need not be as gloomy as are often prophesied though small nations are destined to remain partially dependent on the whims and mercies of large nations beyond. De Bres and Campbell concluded for Tonga that 'possibly nowhere in the world has economic dependence been taken further than in this microcosm of underdevelopment' (1975:451). For a number of superficially often idyllic islands the future appears bleak when domestic resources alone are taken into account. However by freely choosing strategies which enable the manipulation of metropolitan national policies IMS will continue to 'live with some degree of uncertainty, but with insurance provided by the realities of geopolitics' (Bertram, 1986:821). There are reasonable prospects for all IMS of achieving aid, dependency and negotiated development with dignity.

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