

***The Solomon Islands Economy:  
achieving sustainable economic  
development***

Tim King, 1994, AusAID International  
Development Issues No. 37,  
ISBN 0 642 22066 2, 100pp.

The 50th anniversary of the end of the war in the Pacific this year focused public attention in Australia on Solomon Islands as veterans from both sides of the Pacific converged on Guadalcanal to remember heroic battles of half a century ago. Their visits were, in a way, a reminder of the close neighbourhood of Solomon Islands to Australia and of the historical and contemporary links that bind us still. Australia is not and cannot be indifferent to what happens there. And what is happening there, as the study under review makes clear, is a matter for serious concern. It is a sad story, though not without the hope of a happy ending.

Intended to be helpful to policy and decision-making in Solomon Islands, the study seeks to maintain a careful balance between objective analysis of current economic practice and a prescription of urgently needed reforms. Between the lines, however, it catalogues deep systemic failures of government which, unless recognised and corrected soon, threaten very grave problems of resource depletion, environmental degradation, unemployment and increasing poverty, with its attendant social ills.

Despite its grim message, the study makes clear that its worst-case scenarios are not inevitable, but that decisive action is needed now if the worst is to be avoided. Solomon Islands is endowed with a number of rich natural resources, in particular its forests and fishing, both renewable resources which, if harvested under good management regimes, promise long-term

sustainability and offer a prospect of real economic and social development for the country and its people. The role of government is crucial both to the establishment of responsible resource management and to the reinvestment of revenues for long-term economic growth.

Given its natural resource endowments and, over recent years, stronger world commodity prices, Solomon Islands should have been enjoying a period of steady growth. And at first sight it appears to be so. GDP increased in real terms by almost 50 per cent between 1983 and 1992 at an average annual rate of 4.5 per cent. In 1992 GDP increased by 8.2 per cent, well above the trend rate and, although not available in the study, the figures for 1993 are expected to indicate continuing strong growth.

Faster growth has been stimulated by a large rise in the value of timber exports. Increased logging activity has in turn increased private incomes and led to higher private consumption. The level of imports rose strongly in 1993, attributable to higher disposable incomes and increased imports of capital equipment by logging companies. Despite this record of continuous growth in GDP over the past decade or more, expenditure by the Solomon Islands government has consistently exceeded its revenue since 1978, and in 1991 and 1993 the deficit was more than 10 per cent of GDP. Most of the increase in government expenditure has been in public sector pay increases not matched by any obvious increases in productivity nor reductions in overall numbers of employees.

Sustained budget deficits have led to the accumulation of a large stock of government debt, an increasingly higher debt service ratio to government revenue, and higher government borrowings. Accordingly, over recent years, there has been a significant shift in government expenditure away from capital expenditure towards recurrent

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expenditure. Capital expenditure in 1993 was only slightly above the level of 1983, in nominal terms, implying a marked decline in real terms. By contrast, recurrent expenditure in 1993 was seven times its 1983 level.

This progressive shift from capital expenditure towards recurrent expenditure has been accompanied by a parallel trend towards government deficit financing by borrowings from the commercial banks, with the effect of reducing commercial lending for private investment. As a result of the diversion of funds away from investment, in both public and private sectors, the economy's productive capacity and prospects for longer-term growth have been weakened.

The study concludes its broad review of economic developments in Solomon Islands with a trenchant criticism of the government's fiscal management.

Large and persistent fiscal deficits have been at the centre of the macroeconomic instability in the Solomon Islands. Expansionary fiscal policy has fuelled domestic demand, weakening both inflation and balance of payments pressures. ...the development of a sustainable fiscal balance is central to restoring macroeconomic stability in the Solomon Islands...this balance will require substantial reforms in the process of budget preparation and implementation (AusAID 1995:15-16).

The Solomon Islands government's response to the problems it confronts in its budget management has not, regrettably, been fiscal tightening nor better budgetary processes, but to pillage its forestry sector. Forestry exports rose from SI\$54 million in 1991 to SI\$110 million in 1992 and SI\$230 million in 1993. While higher world prices account for some of the increase in value, there has been a massive increase in

extraction rates: from 292,000 cubic metres in 1991 to 686,000 cubic metres in 1993. Extraction rates in 1994 were expected to exceed the 1993 figure. Although there may be no agreed extraction rate for long-term sustainable yield (325,000 cubic metres is a current preliminary estimate), the present extraction rate is clearly not sustainable and seems certain to entail very high costs in resource depletion, social dislocation and environmental degradation if not brought quickly under better management control.

The central place of forestry in the study is justified, typifying the problems of sustainable economic development in a small open economy with rich resource endowments and a high dependence on external markets for exports and inwards investment. What the Solomon Islands experience clearly demonstrates is the need for a strong, clear and equitable regime for the good management of those assets, if the nation is to exploit them for the general benefit.

More broadly, however, the development problems examined in the study, although specific to Solomon Islands, reveal generic features found more widely in Melanesia. They confront national governments, and the governments of major donor countries, with complex issues of economic and social development with which they are often ill-equipped to deal. High population growth rates, low levels of general education, and an accordingly low skills base, continued high levels of dependence on subsistence agriculture, increasing urban drift and consequent growing unemployment, low levels of capital formation and limited private sector development, weak infrastructure and poor service delivery are features common to most parts of Melanesia. Topography, geographical dispersion, cultural and linguistic diversity and the often paltry endowment of their colonial inheritance, account in part for the difficulties faced by these governments.

Questions of political and institutional stability, and of administrative capacity, however, also profoundly influence outcomes. And implicit within these issues are some fundamental problems touching not simply long-term development but concepts of state sovereignty and forms of governance.

For Australia, both as donor partner and more importantly as concerned neighbour, the way these issues are addressed, and with what results, good and bad, will remain not just of interest but of direct and enduring importance.

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#### ***South Pacific Tuna Fisheries Study***

J.G.H. Maxwell and A.D. Owen, 1995, AusAid International Development Issues No. 37, ISBN 642 22054 9, 58pp.

As noted in the foreword by the Honourable Gordon Bilney, Australian Minister for Development Cooperation and Pacific Island Affairs, this study

investigates and makes recommendations for ways that the Pacific island countries can capture more of the benefits of the tuna industry (p. iii).

The report commences with a brief overview of South Pacific tuna fisheries, before looking at the role of distant water fishing access and the possible advantages of a multilateral, as opposed to a bilateral, approach to access agreements. The need for a regional approach to the management of the tuna fishery is emphasised and the important role of the Forum Fisheries Agency and the South Pacific Commission in this

process is acknowledged. The main economic analysis comes in the chapters looking at economic rent and the value of access, and domestic participation in the tuna fisheries.

The production of this report is timely as it comes when Forum Fisheries Agency member countries themselves are actively considering their options with respect to increasing the benefits that they receive from their tuna resources. In this context, Pacific island countries are increasingly turning their attention to the development of domestic tuna industries and for this reason Chapter 4, 'Domestic participation in the tuna fishery' and Chapter 5, 'Constraints to the development of the domestic-based tuna fishery', will be of particular interest to fisheries personnel in the region.

The authors correctly highlight problems relating to the historically poor economic performance of joint venture operations in the region. However, on a more optimistic note they point out that should a purse seine vessel base in the region, the direct economic benefits arising from this may total up to US\$350,000 per year. Should the entire fleet of approximately 170 purse seine vessels purchase supplies locally then benefits are likely to exceed US\$60 million per year. It is these benefits that the Forum Fisheries Agency member countries are seeking to capture through arrangements such as the recently concluded Federated States of Micronesia Arrangement for Regional Fisheries Access. This Arrangement, effectively an internal multilateral access arrangement, is designed to help Forum Fisheries Agency member countries develop their locally based purse seine industry by providing favourable treatment to those purse seine fishing enterprises based in a Forum Fisheries Agency member country.

For eligible foreign vessels the Arrangement offers more secure access to

the prime purse seine fishing grounds of the central western Pacific, at a cheaper cost than if the vessel owner had otherwise negotiated separate bilateral access agreements with the countries concerned. The eligibility criteria emphasise the economic benefits (employment, local purchases and onshore investment) that a locally based vessel contributes to the region.

In the discussion on constraints, the authors tend to concentrate more on the difficulties associated with canning projects in the region. While the problems listed are valid, it would perhaps have been worthwhile to include a more general discussion on constraints associated with all aspects of the tuna industry, especially longlining which is a fishery of increasing interest to Pacific island countries.

A section of the report that might now be considered to a certain extent to have been overtaken by events, at least with respect to the purse seine fishery, is that on access fee payments and under-reporting of catch. Vessel operators from the Republic of Korea and Taiwan have improved their catch reporting markedly and the fleets are now cooperating on the provision of high seas data. This improvement will greatly assist in providing answers to the value of access question to which the authors refer.

Overall, this AusAID study is well written and well researched. It is apparent that Messrs Owen and Maxwell have consulted widely with key fisheries personnel in the region in compiling the report. It is a useful document for those persons wishing to gain an insight into the key issues facing managers in the South Pacific.

#### **Len Rodwell**

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### ***Sustainable Development or Malignant Growth? Perspectives of Pacific Island Women***

Atu Emberson-Bain (ed.), 1994, Maram Publications, Suva, ISBN 982 326 001 X, 288pp.

With so much recent interest in issues of women and sustainable development, *Sustainable Development or Malignant Growth?* is a timely arrival. It emphasises the importance of gender equity as part and parcel of sustainable development. It contains, most importantly, the views of the Pacific islander women who live (or have lived) there. The cultural, social and economic values were very well expressed. Some of these papers are specifically written for this book, while the majority are edited versions of papers presented at recent meetings on women and environment.

The book is divided into six parts, each with a series of papers, dealing with

- a development agenda in the Pacific
- land resource use and abuse
- marine resource use
- the effects of migration
- tourism and industrialisation
- the political situation in some of the islands
- women's perspectives on sustainable development.

The papers have some recurring issues, such as 'overpopulation', exploitative attitudes of some present and former colonialists, economic growth and development. The issue of overpopulation is examined in various papers (for example Underhill-Sem, Slater, Emberson-Bain and Griffen) suggesting that the causes are complex and related to poverty, high birth rates, high infant mortality and the need for

support (from the children) for the elders in the population. There are numerous examples of how development or economic growth, often supported by international organisations, has had a detrimental impact on the society as a whole, but also on the status of women in the society. Good examples are given in papers by Ram, Mirinka and Emberson-Bain. Some of the papers are logically presented criticisms of reports presented to the Pacific island governments (for example World Bank reports on Pacific islands, The Pacific Way Report, Port Vila Declaration). There are some good case studies, for example, the effect of migration on the community as a whole (Fairbairn-Dunlop, Chapter 14).

The concept of 'wilderness' is a contentious issue in Australia at the moment and it is interesting to note that, like the aboriginal communities in Australia, Pacific islanders do not have a notion of wilderness in their culture. In fact, Thaman labels wilderness 'part of the cultural baggage of the western world' (Chapter 15:188).

The book is a start for the Pacific islanders taking control of the future of their environment and looking at the ecological, social, cultural and political issues as well as the economy. There is often a call for looking at alternative ways of future development (sustainable), but the details of their implementation are lacking.

The book is well presented with a motif at the beginning and end of each paper. The papers often have poems from women in the Pacific islands expressing the message of the paper very succinctly (Dewe Gorode, Dorah Obed, Noumea Simi and Momoe von Reiche). It is an extremely interesting collection of papers dealing not only with the issues on women, but also on environment and development. The question that is asked more than once is 'development for whom?' in the economic

growth often pursued by governments and aid agencies, and who does the growth benefit?

The book is valuable in that it is a compilation of works of women in the Pacific islands who have presented their own views and have been critical and analytical about what is happening in their region. The issues examined affect the community as a whole. It is well worth the price (A\$28) for anybody looking for alternative views on development and its effect on the human society and the environment. I hope there is a subsequent book presenting some case studies implementing the ideas presented in this book.

### ***Pacific Platform for Action—Rethinking Sustainable Development for Pacific Women Towards the Year 2000***

South Pacific Commission, 1995, Noumea, New Caledonia, ISBN 982 203 449 0, 86pp.

This publication relates to many of the issues presented in *Sustainable Development or Malignant Growth?* The document is written (by anonymous authors) to show the commitment made by the Pacific islands to improve the situation for women. It has been presented at various meetings of women, starting with one held in Noumea and culminating in preparation meetings for the Fourth UN Conference on Women in Beijing in October 1995.

The document is well illustrated, portraying the cultural and the social diversity of the people in the region. There is a good map at the end of the booklet illustrating the extent of the region.

Despite the scattered nature of the islands in the Pacific region, commonalities

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are stressed. It presents the Noumea declaration which identifies many of the concerns or key issues that affect women in the region, for example health, education, legal and human rights, environment, culture and the family and indigenous people's rights. It also looks for mechanisms to promote the advancement of women.

The booklet has two major parts. The first section examines the issues and the second part presents data, in the form of tables and figures, from various sources that provide additional or supporting information for the issues presented.

By the next UN Conference on Women, it would be interesting to see how many of the strategic plans related to the issues presented were implemented by governments who have supported the document and have sought and found possible solutions.

Both of these books are a good source of other works published on women, development and environment, particularly in the Pacific region.

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Explore new development schemes fit for achieving sustainable ocean economies. Use ODA to improve the commercial viability of investments in sustainable activities and businesses. Integrate ocean sustainability requirements in all ODA and development finance institution (DFIs) lending. Promote international policy coherence for a sustainable global ocean economy. Data on Development Finance for the Sustainable Ocean Economy. Access the Data Platform. As part of the Sustainable Ocean for All initiative, the OECD has begun to quantify and track global development finance for the ocean economy, p Ensuring sustainable economic development with the growth of non-oil sectors is an important task facing our country in modern times. Numerous studies show that tourism is one of the leading part of non-oil sectors in terms of its prospects. The study evaluates a number of factors and conditions ensuring the sustainable development of the tourism s Cite. Download full-text. Analysis of the Kuznets curve in the "sustainable economic development" of Ecuador during: 2007 â€“ 2017. Article. Full-text available.Â The rapid development of the economy has been accompanied by a surge in carbon emissions. How to achieve a win-win situation for economic growth and carbon emissions reduction has aroused widespread concern from all sectors of soci Cite. Download full-text. The Solomon Islands' economic difficulties have been accentuated by recent external developments, including the Asian crisis. Its two main exports, logs and fish, have been adversely affected by the collapse in world timber prices in late 1997 and the reduction of EU preferences for processed fish. The Solomon Islands in World Trade. External trade is vital to the Solomon Islands' economy. Merchandise exports and imports averaged 51% and 47% of GDP, respectively, during 1993-97. External balances have fluctuated considerably; at the end of 1997, reserves provided less than two months