

Development trajectories and possibilities in the Pacifics

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Introduction

When discussing development issues, it is common to speak of the Pacific as if the region were a singular undifferentiated entity. The practice can be seen in the speeches of politicians (for example, Bishop 2017; Peters 2018) as well as in the work of influential academics (for example, Hughes 2003; Reilly 2000).¹ Referring to ‘the Pacific’ is an understandable shorthand, but doing so brings the risk of obscuring important variation between countries—variation that matters for development. Talking of ‘the Pacific’ conceals different needs, conflates differing rates of progress, homogenises different development challenges, and runs the risk of encouraging one size fits all approaches to development assistance.

This paper shows how everything from data quality, to economic development, to human development varies substantially between the countries as do development challenges. The differences in development progress and challenges have significant ramifications for what countries such as Australia and New Zealand could and should be doing to assist their Pacific Island neighbours. Rather than focusing on the Pacific, we should think of ‘the Pacifics’—different groups of countries with different strengths and challenges, each requiring different types of assistance.

Because this paper is written by a New Zealander, for an Australian journal, and aimed at policy makers in Australia and New Zealand, in the name of parsimony I exclude New Caledonia, French Polynesia, and Wallis and Fortuna, as well as the countries of the northern Pacific. For reasons of data availability, I also do not cover Niue,

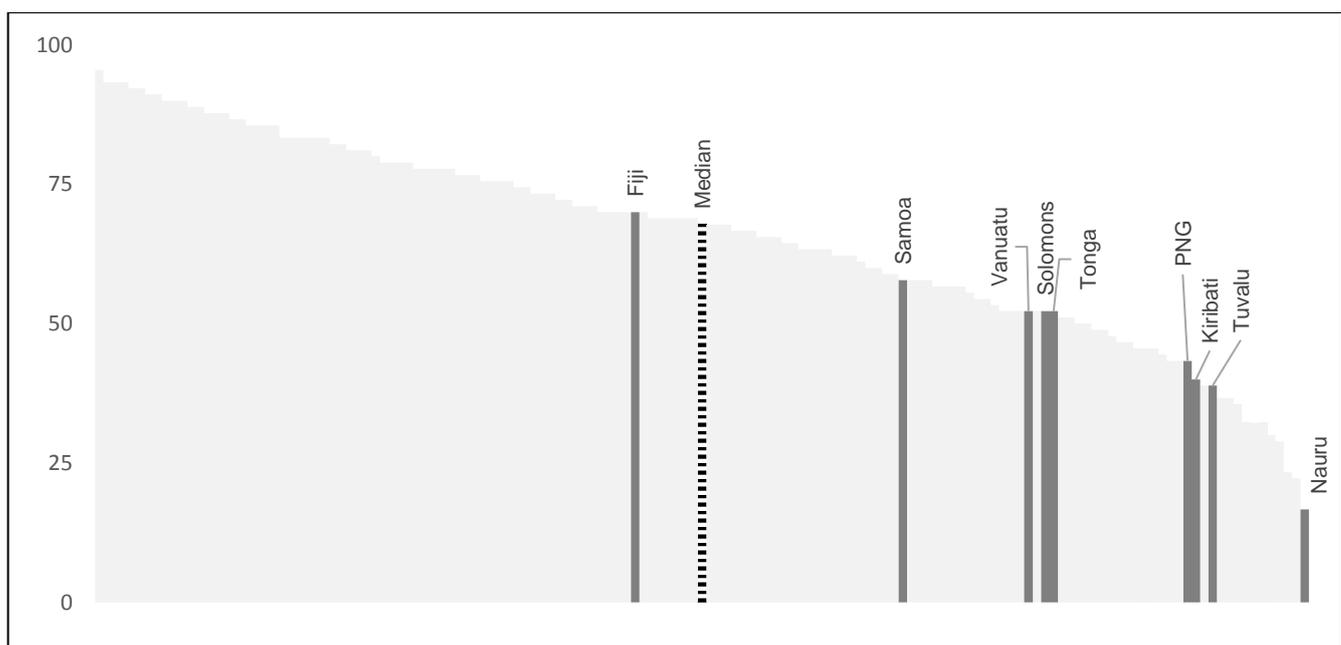
Tokelau and Cook Islands. However, were I to include these regions, my conclusions about diversity, and the importance of recognising it, would not change; diversity would be greater still if these parts of the Pacific were considered.

Variation

In all areas, from the most mundane—data quality—to the most important—human development—variation between the Pacific Island countries is striking.

The quality of development-related data may seem a dry place to start a paper. But data quality matters in two important ways for this discussion. First, this paper draws on data to emphasise the differences between different Pacific Island countries. The quality of development-related data is poor for some Pacific Island countries as can be seen in Figure 1, which draws on the World Bank’s Statistical Capacity Indicators dataset. The y-axis plots a measure of the capacity of government bodies tasked with compiling official statistics. (In theory, the measure can run from 0 to 100). All developing countries covered by the dataset are shown in the chart. Countries are ordered from the highest capacity on the left to the lowest capacity on the right. Those Pacific Island countries discussed in this paper are labelled. As can be seen, only one Pacific country performs better than the median developing country. There is considerable variety in the rest of the Pacific countries. However, all fall in the lower half of developing countries with respect to statistical capacity.

Figure 1—Statistical capacity in developing countries



Source: Data come from 2017. All data used in this paper, and details on their sources, can be downloaded from: <https://goo.gl/5JH34r>.

Data are not so poor quality as to invalidate the conclusion that there is much diversity in levels of development across the Pacific. However, data are poor enough in instances that readers should be forewarned of the issue. Data are particularly problematic in some countries for measures of human development. Censuses and Demographic Health Surveys are poor quality in some Pacific countries and this makes it hard to accurately gauge levels of human development. I will return to this point.

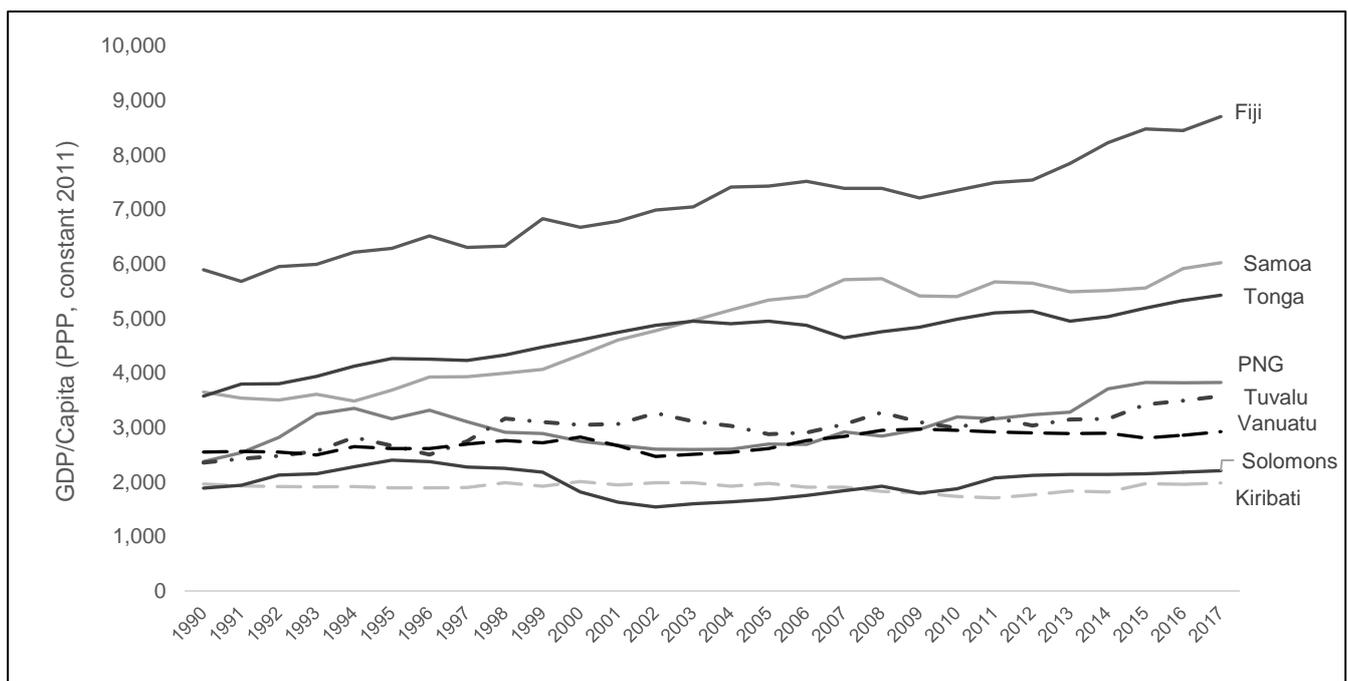
Second, the Sustainable Development Goals—17 goals, 169 targets and over 200 indicators (Dunning 2016)—will prove very hard to report against for those Pacific Island countries with low statistical capacity. While countries do not need to report against all indicators to meaningfully engage with the Goals, and while in some instances progress can be inferred from proxy measures, many Pacific Island countries struggled to engage with the Millennium Development Goals (Wood and Naidu 2006), which were much less data intensive. If progress against the Sustainable Development Goals in the Pacific is to be meaningfully discussed in coming years, some countries in the region will need to improve their

data gathering analysis capacity significantly. This is a technical area where aid donors will need to assist.

Economic development

Figure 2 plots economic development (measured as GDP per capita, adjusted for inflation and purchasing power parity) over the years since 1990, for a select group of Pacific Island countries. The chart is limited to the specific countries focussed on in this paper. Nauru, which has a GDP per capita that is nominally very high, has also been excluded in the name of a clear chart. Few would argue that GDP per capita is a wholly satisfactory measure of human welfare. However, higher GDP per capita is associated, on average, particularly in developing countries, with better health outcomes and higher levels of happiness (Preston 1975; Stevenson and Wolfers 2013). As a proxy for development in a more holistic sense, GDP per capita is a useful start.² GDP per capita also has the advantage of probably being more accurately estimated than many other development statistics in the Pacific. There are also longer time series of GDP per capita data, enabling better comparisons over time.

Figure 2—Economic development over time, selected Pacific Island countries.



Source: Data are from the World Bank World Development Indicators. Detailed information can be found from the URL under Figure 1.

At the top of the chart is Fiji, which started the period more affluent than its neighbours, and which has experienced broadly consistent economic growth over the years since. Samoa and Tonga are less affluent than Fiji, but still comparatively affluent, and have economies that have grown across most of the period. On the other hand, Papua New Guinea (PNG), Tuvalu, Vanuatu and particularly Solomon Islands and Kiribati are poorer, and their economies have grown little since 1990. PNG's economy has grown more rapidly than the others since the turn of the millennium, but much of this growth is thanks to extractive industries and has contributed little to the average person living in PNG. As the chart shows, the variation between the wealthiest and

poorest of these countries is substantial. In 2017 Fiji's GDP per capita was 4.4 times higher than that of Kiribati.

Human development

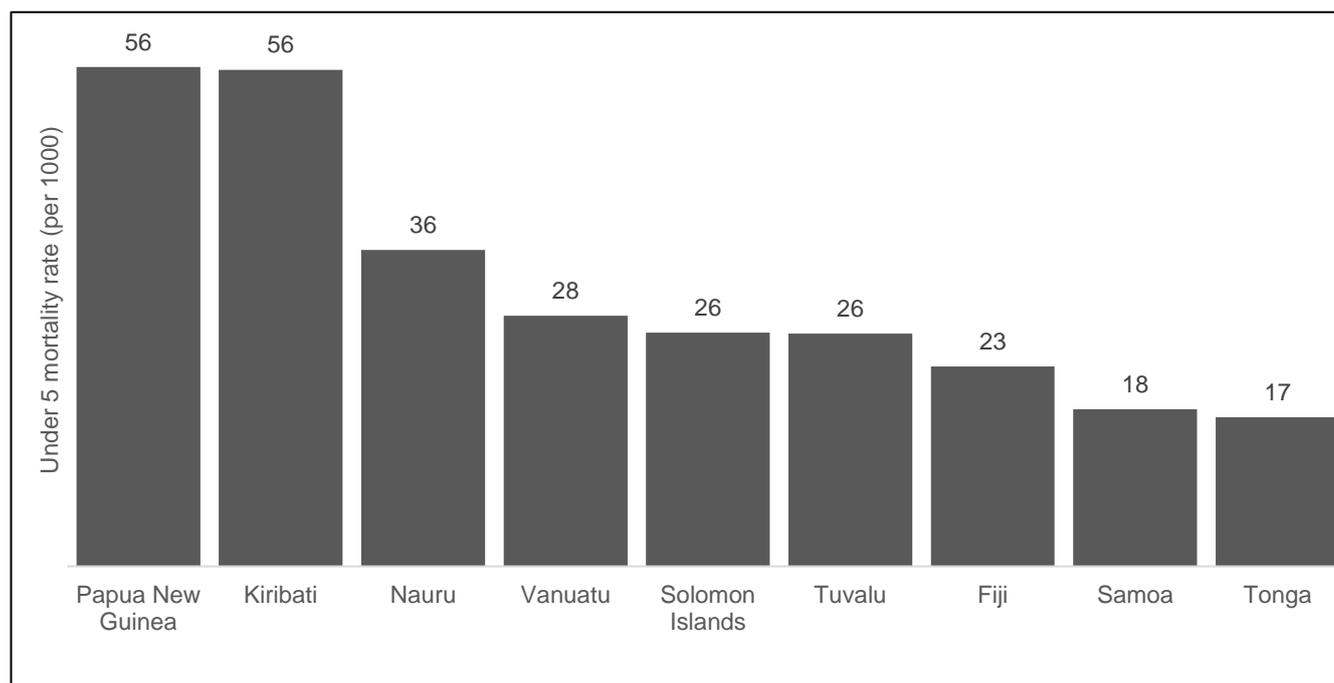
Figure 3 shows under-five mortality (per 1000) for those countries included in Figure 1. Under-five mortality is not the only measure of human development that could have been presented here. But it serves to illustrate the central argument of this article. Once again there is substantial variation between different countries in the Pacific. Under-five mortality is 3.5 times worse in PNG than it is in Tonga. Similar variation exists in other human development

measures such as literacy and life expectancy. (This can be seen in the dataset which can be downloaded from the URL under Figure 1.) There are significant quality issues with under-five mortality data for some Pacific countries. This is the case for other similar human development indicators such as life expectancy.³ While in countries such as Fiji under-five mortality is probably accurately recorded, in many of the countries covered in the chart under-five mortality is probably understated. If data quality were better, variation between the best performing countries and the worst performing countries would probably be higher.

Development challenges across the Pacifics

It is not only development outcomes that vary across the Pacific. Other attributes vary dramatically. PNG, for example, has a population of 8,200,000, a land area of 452,860 km squared, and is within an hour's direct flight of Cairns in Australia; Tuvalu on the other hand has a population of 11,000, a land area of 30 km², and can only be reached from major Australian cities if one is willing to travel via Fiji, and often stretch travel over two days. Table 1 shows population and land area for the countries covered in the previous figures.

Figure 3—Under-five mortality, selected Pacific Island countries



Source: Data are estimates for 2015. Data can be downloaded from the URL provided under Figure 1.

Table 1: Population and Land area

Country	Population	Land area (sq. km)
Papua New Guinea	8,251,162	452,860
Fiji	905,502	18,270
Solomon Islands	611,343	27,990
Vanuatu	276,244	12,190
Samoa	196,440	2,830
Kiribati	116,398	810
Tonga	108,020	720
Nauru	13,649	20
Tuvalu	11,192	30

Source: Population and land area figures come from the World Development Indicators and are also included in the data uploaded with this article. Data are from 2017

Quality of governance also varies substantially between Pacific Island countries. Figure 4 is based on the World Bank Governance Indicators. Each country's score is an average of its score for 'Government Effectiveness' and 'Control of

Corruption'. In theory scores can range between about 2.5 and -2.5, although in practice the range is somewhat less. For example, in 2016, on the Government Effectiveness measure, Denmark scored 1.88, South Sudan scored -2.26.

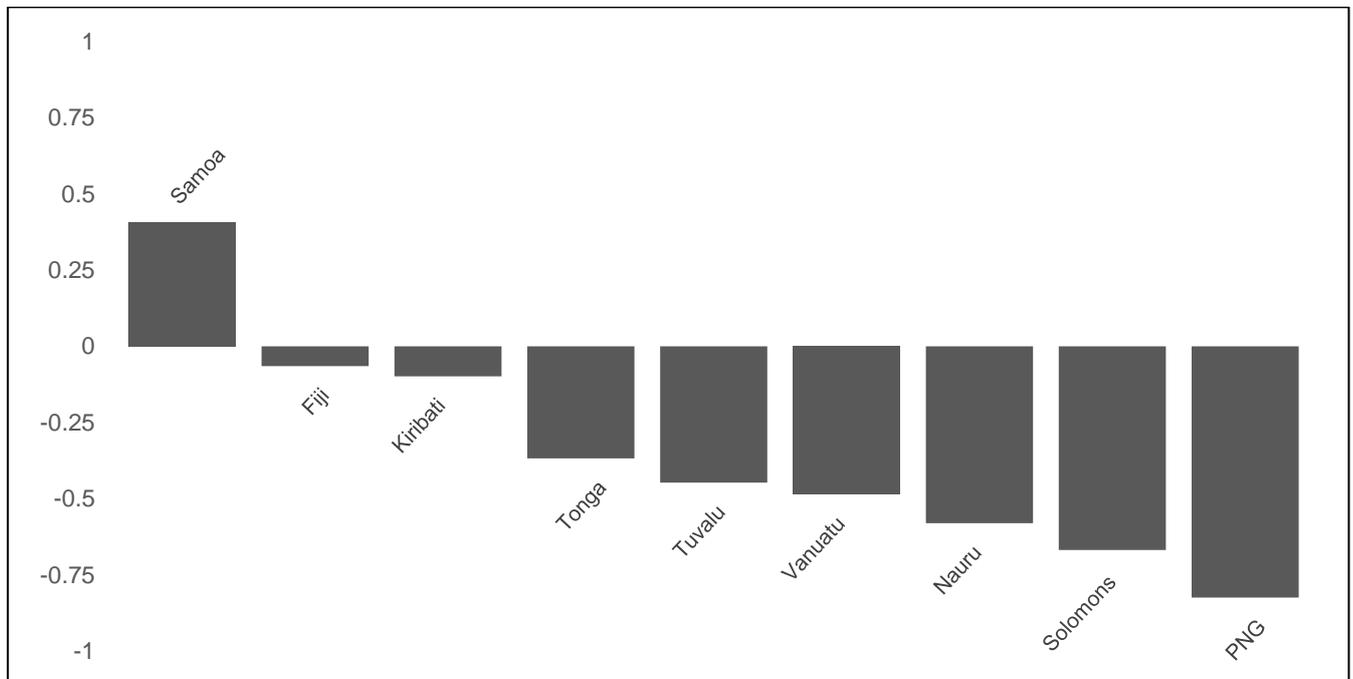
For the smaller Pacific Island countries, size, and the associated issues of small domestic markets and government revenue bases is an impediment to development. Economic specialisation cannot occur and governments struggle to raise revenue. These problems are compounded in countries such as Kiribati where internal travel is also difficult. For many smaller Pacific Island countries isolation compounds these problems, as they suffer through being distant from potential markets (The World Bank 2014: 4).

Other Pacific Island countries such as Solomon Islands, Vanuatu and PNG are less constrained by geography, but are heavily constrained by their governance. There is a considerably body of research that links poor governance to poor development outcomes. Governance issues impede economic development (Acemoglu et al. 2001; Rigobon and Rodrik 2005), and human development outcomes such as health (Rajkumar and Swaroop 2008) and surveyed well-being (Helliwell and Huang 2008).

Significantly, the worst performing Pacific countries in terms of development outcomes are either small and isolated (Kiribati, for example) and/or poorly governed (Solomon Islands, and PNG, for example). In general, the better performing countries in terms of development have close ties to wealthier states and/or serve as successful tourist destinations (for example, Samoa, Tonga and Fiji).

There are coming development challenges, such as climate change, that are likely to have effects across the Pacific. At present, however, the causes of the varied development across the Pacific fall into two very different categories: geography and governance. These different causes, as well as other differences such as in the populations of Pacific Island countries, have clear ramifications for development policy.

Figure 4: Government effectiveness and control of corruption (World Bank)



Source: Data for 2016. Data and details on their source can be downloaded from the URL under Figure 1.

Development assistance across the Pacifics

In the case of the specific issue of climate change there is one, simple, universal means through which countries such as Australia and New Zealand can help all of the countries in the Pacific. This is to advocate forcefully for reduced global carbon dioxide emissions and stick with those international commitments they have already made. For the other challenges of development approaches should vary on a country by country basis, although they can be fit within two broad groups.

For the smaller countries that are constrained by their size, and often their remoteness, at times there will be important benefits to be had from helping the countries ensure they obtain sustainable benefits from their marine resources. However, the most important contribution countries such as Australia and New Zealand can make to development progress in these countries will come in the form of promoting labour mobility, either through allowing permanent migration or, less ideally, through temporary migration schemes or, much less ideally, through training programmes that enable people to take advantage of global labour markets. World Bank research has shown that the benefits to Pacific Island countries of even comparatively modest increases in labour mobility promoted by countries such as Australia and New Zealand would be substantial

(Curtain et al. 2016). Such benefits can be realised by all Pacific Island countries. However, for larger countries such as PNG, while individual migrants and their families will gain, it is not likely that migration flows will ever be high enough to have a major national impact. On the other hand, in small countries such as Kiribati, which has very limited labour mobility at present, and Tonga, which already benefits from higher levels of migration, the countries as a whole can benefit from migration and associated remittances.

Migration is not a substitute for aid. Even with increased migration, countries such as Kiribati will need aid to help with the provision of health and education services but sustained ongoing economic development for people of these countries will best be facilitated by increased mobility.

The circumstances of larger countries, however, are different. Migration may help individual families in countries such as Solomon Islands and PNG, but migrant flows will never be large enough as a share of total populations to contribute meaningfully to largescale development in these countries as a whole.⁴ By the same token, however, the countries are large enough to have other options, ranging from horticultural exports to tourism. Yet, this potential is severely hampered by the quality of governance. Poor government maintenance of infrastructure as well as dysfunctional government departments impede economic

development, while similar governance issues prevent ordinary citizens from being able to access adequate health and education services. Broad-based sustainable development is highly unlikely in countries such as Solomon Islands and PNG until the functioning of government improves. The importance of governance is not unknown to the Australian and New Zealand aid programmes. According to DFAT reporting 35 per cent of Australian aid to the Pacific in the 2016/17 financial year was devoted to improving governance and similar work.⁵ The challenge for aid donors is that it often proves very hard to use aid to improve governance, which is primarily a product of countries' domestic political economies (Wood forthcoming).

This is not to say that aid cannot help in countries such as PNG and Solomon Islands. However, in these governance-challenged states the role of aid is complicated. Aid investments in infrastructure can assist with economic development, but history has shown that, when governance is an issue, recipient country governments are unlikely to maintain large infrastructure projects after completion (Dornan 2016). Because of this, as donors weigh-up the costs and benefits of such investments, they either need to plan for short term benefits or plan to fund maintenance themselves. Donors can also help promote human development through funding education and health facilities. As aid-funded reductions in malaria in Solomon Islands have shown (Burkot and Gilbert 2017), such work can deliver significant welfare gains. However, in poorly governed states supporting health and education services is not easy. Either a dysfunctional government has to be used to deliver services, or potentially costly parallel systems have to be set up as alternatives. Donors can also use aid to try and help improve governance itself. Yet, governance is, as I have already noted, not easy to improve through aid. It may be the case that the best donors can hope for is to help hold key institutions together with governance aid, and through that provide the space for domestically driven reform to emerge over coming decades.

Beyond aid, in poorly governed Pacific states such as PNG and Solomon Islands, countries such as Australia and New Zealand can help by ensuring that they are not contributing to problems through their own actions (Australia's relations with PNG and Nauru serve as partial examples of this), and that private sector firms from wealthier countries are similarly not adding to the stock of problems to be found (see, for example, Chandler 2018).

Conclusion

No country in the Pacific is perfectly governed, but the difference between a country like PNG and a country like Kiribati is that improved governance is the only pathway to development for PNG. In Kiribati, on the other hand, better governance may bring some development dividends, but the most effective pathway to development will ultimately involve higher levels of migration, an option not available to PNG. Samoa, on the other hand, which has already benefitted from migration, but which also benefits from tourism and other ongoing ties with New Zealand, also benefits from better governance than PNG—Samoa is an

easier country to spend aid in. However, it is also a country that does not need nearly as much. Such is the diversity of the Pacific.

The Pacific is a region on a map, but within it are many different Pacifics. Decades of difference in development between different countries have made that clear. The task for politicians, academics and development practitioners is to make sure that they understand these differences, and that they deal with each country as its own unique entity.

Notes

- 1 To be fair to Hughes and Reilly, both do distinguish to varying degrees between different countries in their papers. However, this is accompanied by very broad claims, particularly the headline claims.
- 2 GDP per capita is far from the only economic statistic that we should be interested in. Inequality, for example, is of crucial interest. Unfortunately, publicly available inequality data are scarce in the Pacific and come from often unreliable Household Income and Expenditure Surveys. In the online data linked to above I have made the inequality data that I have available. Once again inequality ranges considerably across Pacific countries. Perhaps unsurprisingly it is highest in PNG.
- 3 For an excellent discussion of variation in the quality of health data in the Pacific see Linhart et al. 2014.
- 4 Arguably this could be possible in Solomon Islands, as migration has played a non-trivial role in contributing to development in Fiji. However, levels of migration from Fiji have been very high, and this has been the case as a result of particular historical circumstances. It is hard to conceive of a process that might allow for similarly high levels of migration from Solomon Islands.
- 5 Data from: <http://dfat.gov.au/about-us/publications/Documents/2016-17-std-time-series-table-3-investment-priorities-by-region-of-benefit.xlsx>

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