

Some reflections on a sustainable development strategy for a least developed small island state, just graduated to developing country status

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Introduction

This is not a blueprint for sustainable development for Samoa, but some reflections on how a small country can best meet the challenges and opportunities of today's unsustainable global economic and ecological environment. We know that in the long term, the present world economic system of development and consumption of the world's finite resources, is unsustainable economically and ecologically. It may not even be sustainable in the medium and short term. The destructive impact of climate changes is already being felt around the world and much more is to be expected given the failure of the international community to address the root causes.

But whether the present system is sustainable or not, Samoa is part of it. The success of our economy and ability to improve living standards is dependent on how well we integrate and become part of the world economy. Samoa's application to join the World Trade Organization [WTO] is intended to do just that. It is a system of development which says that a country will progress by exploiting its own natural resources, or someone else's, with the use of improved technology, know how and capital. That way, more goods and services are produced and consumed, thereby raising peoples' standards of living. And the more people produce and consume, the more everyone prospers.

That is why capitalist societies are known as consumer societies. And after the fall of communism, capitalism is now the unchallenged system for everyone to follow. Even China has now fully embraced capitalism. Economic growth is measured by the volume of goods and services that is produced and consumed. The very survival of the global system itself, depends on the demand for goods and services rising sufficiently to maintain production at high levels. A slow down in demand and consumption can often start a downward spiral in economic activity that is damaging to everyone's income and ability to maintain high living standards.

In such a situation, workers start losing their jobs and factories and places of work close down because of decreased demand for goods and services, leading to further loss of demand as workers have less money to spend. If the pattern is not arrested or reversed, this can lead to a full scale recession or depression.

The world is in one of these slow downs in economic activities right now. But it is one of the contradictions that as the world's ecology suffers from degradation from unprecedented industrial activity in the last hundred years, people are encouraged to spend more and consume more in order to maintain the health of economies. The Japanese economy's prolonged recession or slowdown in growth in recent times has been attributed partly to the failure of the Japanese consumers, concerned with job security, to spend more on buying Japanese goods and services.

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But the exploitation of natural resources, whether at the production or consumption end, has an adverse impact on the environment through the emission of greenhouse gasses and other harmful rejects. It is the scale and intensity of this economic exploitation of the world's natural resources for development in the last 100 years, that has placed a question mark on the long term survival of the planet itself. So, when we speak of sustainable development for Samoa, we speak of following this pattern of development, but somehow finding ways to make it sustainable, which is a contradiction.

Having said that, the challenge for small societies like Samoa, is to find ways to survive and prosper in this increasingly open and competitive system, and at the same time protect its own natural environment. On the global level, like many small countries that are more vulnerable to the impacts of environment degradation, it can only hope for a change to these trends and for assistance in dealing with these impacts. This paper seeks to suggest ways in which we can best do this given our small size and economic and ecological vulnerabilities.

Exporting labour in place of goods and services

International trade in goods and services is the conventional means for economies to grow and develop. A competitive edge in exporting goods and services allowed the Japanese economy to quickly catch up and surpass many of the leading industrial nations. The same pattern is being repeated in the case of the newly industrializing economies of Asia. World Trade Organisation and globalisation are all about increasing trade in goods and services and thereby raising the level of prosperity for everyone.

But Samoa has been exporting labour in recent years with considerable success and should continue to encourage it in place of producing goods and services for export. As a result, Samoa's overseas population numbers is in the tens of thousands. In fact some estimates place the figure at close to the number of people living in Samoa today.

Samoans migrate overseas for a variety of reasons, but the main one is in search of employment in the industries of the recipient countries. Industrial processes are the biggest source of pollution, and while the larger land masses can cope with their environmental impact, small islands like Samoa do not have the same ability. Exporting labour saves us from having to attract industrial activity here, which is difficult in the first place, given our relative isolation, narrow resource base, and diseconomies of scale.

Exporting labour places the industrial processes, with all their pollution of the environment, elsewhere. The other benefits from exporting labour as a sustainable development strategy are obvious. It is a ready made solution to the failure of our education system to prepare people for employment in other than menial work, or clerical work. Think of what a nightmare it would have been to find employment for everyone that has gone overseas. It is almost impossible at present to obtain reliable statistics on unemployment in Samoa. For example, official Labour Department statistics puts Samoan unemployment at a misleading 3%. More reliable surveys of urban unemployment among youth suggest an unemployment rate of 40%.

Exporting labour is a solution to our failure to attract investment here. Like unemployment, it is also difficult to obtain reliable information on inward foreign investment. But a look around Apia's skyline and at the major tourism facilities should indicate minimal foreign investment in Samoa. Sending labour overseas has provided a solution to our failure to have a population policy that fits our carrying capacity as a nation. While our natural population

growth is more than 3% per year, net growth in the last ten years has been about 1% annually or less, a result of migration overseas.

The latest census has shown the population of Savaii to have marginally declined while that of the rest of Upolu outside Apia and the North west coast to have remained static in the past ten years. One of the attractions of Samoa at present to visitors is its largely unspoiled natural environment. This will not have been possible with a larger population. People at the lower economic and education scale will always tend to have bigger families. They will be the group more likely to migrate to fill a demand overseas for unskilled labour especially as population growth becomes static in industrial countries.

In addition to providing an outlet for unemployed labour, migration has been a source of cash incomes for families remaining in Samoa, as the migrants continue to remit back millions of Tala every year. Samoa received some \$130 million from remittances last year, which represents the country's biggest source of foreign exchange earnings. Tourism claims a higher level of foreign exchange return, but there is a question over the veracity of such claims.

But having access to high wage labour markets overseas has allowed Samoans to enjoy a much higher standard of living. One need only look around at the standard of housing, transport and ownership of consumer goods for confirmation. Having a large expatriate community overseas has also provided many other economic benefits. Samoans overseas are a market for Samoan traditional goods and services that others do not want. They visit Samoa regularly as tourists. This is not to mention their contribution to sports, to promoting Samoa, and to providing a market for church ministers and other specialist skills peculiar to Samoan communities.

Having access to overseas labour markets in the last fifty years or so, has taken away the necessity to take drastic measures to promote job creation and industrial development in our own backyard. This is beneficial to preserving our environment and way of life. Think of how many more Vaiteles we will have had to create to provide employment and industrial growth for our growing population.

As it is at present, large areas of Samoa are left idle and in their natural state as owners migrate overseas. Where cultivation takes place, there is little pressure to introduce unsustainable intensive methods to raise productivity or to become more competitive. This has done nothing but good to our physical environment.

Sustainable foreign aid

It used to be thought that giving foreign aid was only a temporary measure to help country's get on their feet and become economically self supporting. This is no longer the case. Foreign aid is now a permanent part of economic and political relations between the rich and the poor nations of the world. Giving aid is often preferred by the industrial nations to granting aid recipients' requests for a fairer and more equitable world economic system.

Foreign aid has already enabled Samoa to develop a whole range of infrastructure and services such as roads, shipping, electricity, telecommunication services, health and education services, and drinking water. These have contributed directly to raising living standards.

In fact, many of the things we used to provide for ourselves are now being taken over by aid donors. These include schools, water supply systems, electricity, and village roads. About the only infrastructure we still build ourselves, are churches and pastors houses. Again, this use of foreign aid to meet development and living standard needs has removed to a large degree, the necessity to make drastic changes to our way of life or to exploit more intensively our natural environment.

And as a country, Samoa has placed itself in an even more favourable position to continue to receive more aid in the future. After years of giving away their tax payers money, the donor governments need to show some success stories to justify their own existence and aid policies. And there are not many successes in the Pacific at the moment. The situation in many Pacific countries is worse now than before aid with deteriorating economies, rising crime and lawlessness, and now, unstable governments.

This means that countries like Samoa that have shown a measure of improvement are singled out for praise and for receiving more aid. The new EU-ACP Cotonnu Agreement stipulates that ACP States will receive more aid if they use up their initial allocation quickly. The additional money will be diverted from the slow performers. We should therefore be in a handy position to benefit from the problems of others.

The conduct of our foreign relations has always been guided by the need to secure more aid. For example we have placed our diplomatic missions in capitals such as Brussels, Wellington, and Canberra, where they can play an effective on-the-spot role in facilitating the procuring of more aid for Samoa. In any case, as the world economy becomes more connected, it may be that the industrial economies with their domination and control of the global economy could become the engine to generate wealth for the world. This is then distributed via foreign aid, or by some other redistribution system for everyone to have their share.

The concept of nation state is becoming less relevant in any case as governments are able to exercise less and less control on global forces that show little regard for national boundaries. Such a development will allow small communities like Samoa to continue to enjoy its own way of life and culture and unspoiled environment. This is already happening to a certain extent in the American and French territories in the Pacific, except they have also imported together with aid moneys consumption patterns that go with high incomes and living standards. It is not too late for us to avoid following the same pattern.

Sustainable agriculture

If we should decide to concentrate on finding ways to export labour instead of goods and services, then our struggling agricultural sector can afford to focus on providing food security for Samoa instead of trying to develop agriculture in order to export. There is really not a great deal we can export in great quantities from agriculture in any case.

The latest cash crop to crash is ava. This follows a pattern of many crop failures over the years. According to available government statistics, our agricultural sector has been in constant decline for a number of years in any case. Exporting today really requires a commercial pattern of farming that is different from Samoa's village type agriculture. It will require among other things changes in land tenure systems, with the inevitable repercussions on Samoa's village based way of life.

Intensive commercial farming also involves the use of chemicals and land use methods which are potentially harmful to the environment. That is why the taro blight was a blessing in disguise for our physical environment. The cultivation of taro using intensive farming methods in order to export was too ecologically taxing and damaging to be sustainable. Much of our virgin forest lands were cut down to make way for taro plantations. After a few years, these have been abandoned but without the original trees.

On the other hand, producing food for our own use can rely on proven and sustainable agricultural practices that do not rely on the use of imported inputs or the intensive and unsustainable cultivation of land. The new taro varieties for instance which, incidentally are not suitable for export, can be cultivated anywhere as long as there is soil there.

A sustainable economy

The rest of the economy can develop spontaneously from these foundations. The need for modern services will grow with the continuing process of modernization and with the spread of consumerism. Cash remittances and foreign aid play a big part in pushing this process along. This development will provide employment for people with skills and for labour that is not exported.

This is why construction and wholesaling and retailing have been the leading growth sectors of Samoa's economy in recent years. Tourism will also develop at a sustainable pace without getting into the big numbers that inevitably have an adverse impact on the environment and on local cultures. That will happen later, but for the moment, it's the small type beach fale, the cheaper prices, and the 'unspoilt' environment and way of life that bring visitors to Samoa.

The public sector will continue to be the largest employer, managing the receiving and use of aid monies and the export of labour. Negotiating access to employment opportunities elsewhere should be an important part of government's role. The present citizenship wrangle with New Zealand could provide opportunities for negotiating further access to the NZ labour market for Samoan labour.

Meanwhile the need to help the Pacific in more substantial ways than merely giving aid should provide opportunities for negotiating access to Australia's labour market. Growth in the private sector will be mainly in the area of services as local industries such as manufacturing is stunted, if not undermined completely by cheaper imports coming into the country with Samoa becoming more integrated into an increasingly free trade world economy. Information technology has freed countries like Samoa from the tyranny of isolation and distance. The sector should offer opportunities for development and employment as distance is no longer a barrier, together with Samoa's lower labour costs.

Services are not as polluting as other forms of economic activity and industry. They usually involve the use of clean technology and an educated labour force, which should be the focus of Samoa's human resource development policies.

Doing away with Tala as Samoa's currency

As Samoa's economy becomes more intricately woven into the global economy, the need to manage and maintain our own separate currency will become less and less. Consideration should be given to adopting one of the more widely used currencies of the world such as the US dollar, or the currency of one of Samoa's larger trading partners such as Australia or

New Zealand as our money in place of the Tala. The benefits will be the savings in the cost of international transactions, especially for our business community and Samoans overseas sending money home. Having no currency will also save us the cost of printing money and the cost of running our Central Bank. This will run into millions of Tala.

We have already lifted many controls off the movements of funds in and out of Samoa should Samoa become a member of WTO, even more liberalisation will be required, together with the impact of the new regional trade agreements that Samoa has entered into. One of the justifications for maintaining ones own currency is that it is a tool to manage economies. This management tool is lost once a country adopts a currency that is controlled elsewhere. But the EU single currency has shown what can be done when economies converge or become more integrated. Then, the benefits of a single currency can be enjoyed.

There is a process of economic convergence happening today as a result of globalisation. Economies are being disciplined by competition and by the increasing openness of markets in goods, services and capital. When Samoa joins WTO and other international and regional cooperation agreements such as PICTA and PACER, the economic and monetary discipline imposed by such associations will ensure prudent economic management in line with everyone else, removing the need for Samoa to have its own money.

Concluding comment

I know you have many questions so I will stop here. The main point I wanted to emphasise is that globalization offers challenges as well as new opportunities for small countries like Samoa. Our small size and our remoteness from the main economies of the world have been disadvantages in the past. The evolving global and ecological situation could turn these into advantages for us now and in the future. We have a pristine natural environment that is an asset in an increasingly polluted global environment. This can be maintained by finding new ways to benefit from the new global political economic and ecological situation.

Globalization and new technology are already lowering the man made and natural barriers that used to isolate us from the rest of the world. These processes now present new opportunities to use our human resources more, in place of following a pattern of development that is both unsustainable and beyond our capabilities.

Suggested readings

Aid Has Failed the Pacific, Professor Helen Hughes.

The End of History and the Last Man, Francis Fukuyama.

Budget Statements, 2000/01, 2001/02, 2002/03.

Second Corporate Plan, MAFFM.

Central Bank of Samoa, Bulletin June 2003.

2001 Census of Population, Statistic Department.