

# Sovereignty for Sale? Coping with Marginality in the South Pacific – the Example of Niue

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This paper examines the case of Niue, a small raised atoll with a population of under 1500 that is self-governing in free association with New Zealand. Its marginality in terms of physical and economic isolation, small size and harsh environment is pronounced. However, it has survived with relatively high living standards and a range of livelihood options for its population. The paper assesses Niue's marginality and analyses its strategies for survival and development, focusing on the manner in which it has negotiated sovereignty.

**Key words:** marginalization, globalization, sovereignty, Pacific islands, Niue (New Zealand)

## **Suverenitet na prodaju? Hvatanje u koštac s marginalnošću u Južnom Pacifiku – primjer otoka Niuea**

Rad se bavi primjerom otoka Niuea, malenoga izdignutog atola s manje od 1500 stanovnika, koji ima status samouprave u slobodnom savezu s Novim Zelandom. Marginalnost otoka Niuea u obliku fizičke i ekonomske izolacije te veličine i negostoljubivog okoliša vrlo je naglašena. No otok uspijeva održati relativno visok životni standard te ponuditi svom stanovništvu niz raznolikih opcija privređivanja. U radu se analizira marginalnost Niuea te njegova strategija preživljavanja i razvoja, s naglaskom na način na koji je otok dogovorio svoju neovisnost.

**Ključne riječi:** marginalizacija, globalizacija, suverenitet, pacifički otoci, Niue (Novi Zeland)

## INTRODUCTION: THE CONDITION AND PROCESSES OF MARGINALITY

The concept of marginality has been discussed by social scientists for many years (Dickie-Clark, 1966; Germani 1980, Leimgruber 2004) but it is only recently that studies have pointed to some of the complexities and contradictory processes underlying the ways that the geographies of marginal places are shaped. It has become clear that marginality is multi-dimensional and dynamic, being comprised, for example, of environmental (restricted resources and natural hazards), economic (remoteness, high transport costs) or demographic processes (falling populations and emigration). In attempting to understand geographies of marginalization, we need to distinguish between the *condition* of marginality and the *processes* which lead to marginality. For the former, we need to acknowledge that marginality is conditional and relative (so that what might be marginal in a negative sense from one perspective may be seen more favourably by another). Marginality is, by definition, assessed in terms of comparison to that which is not marginal and such positionings will be culturally, economically and politically specific. Indeed, in some cases marginality itself may be considered an asset. In terms of the dynamism of marginality we should see constituent processes as potentially negative or positive, not fixed in time or space and differentiating with respect to outcomes among different groups and locales.

Two particular dimensions of marginality are worthy of further scrutiny. These are the issues of scale and location. Scale is a determinant of marginality when smallness (of population, land area or natural resources) means that a local economy cannot exploit economies of scale and struggles to compete in a global economy where low cost production or high volume consumption are valued and rewarded. Similarly, location is seen as a constraint where peripherality is experienced in terms of distance from markets. Here the costs of both exporting and importing threaten competitiveness of local economies, rendering them marginal. As we will see below, the interaction of these factors of scale and location are particularly felt in small island states in the Pacific Ocean.

One of the emerging themes of marginality studies is the relationship between marginality and integration. Déry et al (2012:13) observe that "some marginalisation processes have been triggered by the integration of the targeted population into larger systems, systems within which their decision power has diminished, thus augmenting their level of marginality." They conclude: "what is clear enough now is that, paradoxically, integration may signify marginalisation" (ibid). Such integration may particularly involve political integration, whereby the polities of marginal areas are absorbed by larger units; or economic integration, especially where local economies become tied to the global economy. In analysing geographies of globalization, Murray and Overton (2014) have shown that there are simultaneous and contradictory process of homogenisation and differentiation as local economies are more closely integrated into global markets. With regard to marginalization, this would suggest that we might expect parallel processes of both diminution of local control and power (economic and political) and widening of opportunities to exploit new activities. Yet, with regard to the factors of scale and location mentioned above, it is probable that increased globalization heightens the disadvantages of small size and peripherality: small and remote economies cannot compete effectively in global markets and their political voice can go unheard.

We also contend that one of the critical elements in understanding geographies of marginality is the way sovereignty is constructed and exercised. Sovereignty – the ability of communities and nations to exert effective control over their own welfare and development (Overton et al 2012) – often involves a complex and contested set of practices that balance national sovereignty and political independence with everyday practices and negotiations with other, often more powerful, states and global institutions. This is especially the case for small island states which face particular issues of marginality. Such issues, as noted in part above, include restricted environments, heightened natural hazards and risks from global environmental change, small populations and land areas, and isolation from global markets. Threats to their very survival and sites for human habitation are often accompanied – and preceded – by debates about their viability as independent states. Indeed, it could be suggested that small states may in practice “sell” their sovereignty – or aspects of it – in order to secure greater benefits from large metropolitan powers.

In this paper we examine the South Pacific Island region and the island state of Niue in particular. We outline the dimensions of its marginality, pointing to its small size, relative isolation and restricted environment with limited natural resources. At the same time, we acknowledge how these characteristics might equally be seen as assets that can be used to construct a form of marginality that is, in fact, a basis for development and improved welfare. We then analyse how Niue’s political sovereignty has been carefully managed and asserted in ways that have allowed it both to secure greater integration with the outside world yet, simultaneously, retain a high degree of political self-determination. We conclude that this strategy of using complex and fluid approaches to sovereignty is a vital way for such marginal places to survive in an otherwise difficult and threatening wider economic, political and environmental world.

## **CONSTRUCTIONS OF MARGINALITY IN THE SOUTH PACIFIC**

The South Pacific Island region has often been portrayed as marginal and terms such as “vulnerable”, “isolated”, “small” and “fragmented” have frequently been used to describe the region and supposedly explain its relative lack of rapid economic growth and its continued dependence on external resources such as aid and remittances (see Hau’ofa 1993, Overton 1993). These involve assumptions and constructions regarding the possible marginality of the region and we can hypothesise from these views that marginality is a characteristic of the small island states of the Pacific. We explore first what constitutes these constructions and how they depict the region.

### **Dimensions of Possible Marginality**

Firstly, the smallness of many Pacific Island states is readily apparent from Table 1. Of the region’s population of just under 10 million people, some two thirds (66 percent) live in one country, Papua New Guinea, and no other country has a population of over one million. Indeed, there are 10 countries (of the 21 states and territories listed in the region) that have fewer than 100,000 people. Furthermore, many countries have very small terrestrial areas (see Figure One). Again Papua New Guinea is the exception with 83 percent of the region’s land area but most have less than 1000 square kilometres of land area. This

Tab. 1 South Pacific Island Territories – Basic Data

Tab. 1. Južnopacifički otočni teritoriji – osnovni podaci

Country, State or Territory	Population in 2010	Land Area (km <sup>2</sup> )	Sea Area (Exclusive Economic Zone) (000s km <sup>2</sup> )
American Samoa	67,242	200	390
Cook Islands	11,142	237	1,830
Easter Island (Rapanui)	2,500	166	*
Federated States of Micronesia	106,836	701	2,978
Fiji	883,125	18,272	1,290
French Polynesia	294,935	3,521	5,030
Guam	183,286	541	218
Kiribati	100,743	811	3,550
Marshall Islands	67,182	181	2,131
Nauru	9,322	21	320
New Caledonia	256,275	19,103	1,740
Niue	1,311	259	390
Northern Mariana Islands	46,050	471	1,823
Palau	20,956	488	629
Papua New Guinea	6,187,591	462,243	3,120
Samoa	193,161	2,935	120
Solomon Islands	571,890	28,530	1,340
Tokelau	1,384	10	290
Tonga	105,916	747	700
Tuvalu	10,544	26	900
Vanuatu	224,564	12,190	680
Wallis & Futuna	15,398	255	300
<b>South Pacific</b>	<b>9,361,353</b>	<b>551,913</b>	<b>30,569</b>

\* Not available - included in Chile

small size, in most cases, is accompanied by a subsequent lack of good soil and mineral resources (only the larger Melanesian states of PNG, Fiji, Vanuatu, New Caledonia and the Solomon Islands have substantial mineral resources and large tracts of fertile land). High population densities are often a result of diminutive land resources in the Pacific.

Small size is exacerbated by isolation. Although located in the middle of the economically vibrant Asia-Pacific region, the island states of the Pacific Ocean are found long distances from the main centres of economic activity in Asia and the Americas. Shipping lanes mostly by-pass the islands and, increasingly, air routes tend to over-fly them. The result of this isolation and small size is a double economic hit of very high transport costs and the inability to achieve economies of scale. Indeed, the past two decades of global



Fig. 1 The Pacific Islands  
Sl. 1. *Pacifički otoci*

trade liberalisation have proved that hitherto successful export industries in the region, such as sugar production and garment manufacturing in Fiji, have struggled to survive (in the case of sugar) or largely disappeared (in the case of garments – [Storey 2004]) in an open global market.

The smallness theme, long of interest to scholars of the region (Selwyn, 1980; Shaw, 1982; Ward, 1967; 1989), has been complemented in recent years by an environmental discourse that stresses environmental hazards and vulnerability. Tropical cyclones, tsunamis and periodic drought have always visited the region and its inhabitants, yet global concern for climate change and sea level rise have recently focused attention more on the low-lying states of the Pacific Ocean. There are fears that whole islands, even potentially whole countries in the Pacific, may disappear under a rising ocean. There are states with most if not all of their land area in the form of low-lying coral atolls (Tuvalu, Kiribati, Tokelau, the Marshall Islands as well as many islands in French Polynesia, the Cook Islands and the Federated States of Micronesia). Though the overwhelming majority of the region's population lives on high islands, these too are susceptible to coastal erosion and inundation, matters that are linked to broader environmental hazards including sea level rise and climate change. Vulnerability, then, is a major theme in the way the region is portrayed, particularly by outside commentators and orthodox geographers (Britton, 1980; Hamnett et al 1984; Ward 1993).

Taken together, the discourses of smallness, isolation and vulnerability have led to the suggestion that the very viability of some Pacific Island states may well be threatened (see Connell 2003, Barnett and Campbell 2010). If smallness and isolation fail to allow for the establishment of viable employment-generating activities, many inhabitants will seek to migrate in search of work, education and social opportunities. Indeed many states which have ready migration access to metropolitan countries (often present or past colonial patrons) have experienced high rates of out-migration. We shall see this below in the case of Niue but it is also seen in the Cook Islands, Tokelau, Samoa, and the French and American territories of the Pacific. And if out-migration does not erode the viability of states, then, if the environmental vulnerability discourse is to be believed, many islands will become literally uninhabitable as a result of loss of land and, more crucially, loss of fresh water resources as sea level rise salinates fresh water lenses in atoll environments.

With such apparent levels of vulnerability to both environmental and economic change, we can conclude from the above literature that the Pacific island region is experiencing forms of marginality: marginality in terms of lack of resources and threats to its environments and marginality in terms of a lack of endogenous economic bases for growth and development.

### **Processes of Marginalization?**

If these factors discussed in the preceding paragraphs are the dimensions of suggested marginality in the Pacific - smallness, isolation, environmental vulnerability and questionable viability – then it is possible to identify the possible processes that are leading to such marginality.

We have noted how some countries whose citizens are able to migrate relatively easily have seen high rates of out-migration. This is particularly the case for outlying islands and regions where people have migrated not only overseas if they can but also to the main islands and towns. Thus we see not only absolute depopulation of certain islands but also of whole countries (such as Wallis and Futuna, Tokelau and Niue). Yet it would be wrong to portray migration and depopulation as a common process across the region, for where countries do not have a ready migration "escape route", many populations in the Pacific are growing rapidly, albeit in a highly concentrated urbanised form (for example the Solomon Islands and Vanuatu where urban growth rates are among the highest in the world). Thus the processes of emigration and population change are highly uneven across the region.

Similarly, we have seen how global environmental change is having an impact on the region and this process of marginalization, leading to heightened hazards and loss of resources, will only become more acute in the future. It seems to be an inexorable process of change. Even if sea level rise does not destroy the habitation sites of the majority of the region's populations (absolute land loss after all will only affect a very small proportion of people), it is likely that increasing climatic variability and an associated warming of the oceans, with more frequent and acute storm and drought events forecast, will affect the living conditions of all, mostly for the worse.

A third key process of marginalization is global geopolitics. During the Cold War era, the region was able to benefit from superpower patronage (with high levels of aid, economic subsidies and protection, and, for some, ready migration outlets). This could be referred to as a geopolitical comparative advantage. However, the post-Cold War world, marked by trade liberalization and neoliberal economic policies, has dramatically reshaped the economies and societies of the region and will continue to do so. Trade protection (with guaranteed and subsidised access to metropolitan markets) has largely disappeared, local industries have often faltered and, perhaps paradoxically, Pacific economies have become more dependent on foreign aid and labour migration as – apart from those countries with large mineral, forestry or fisheries resources to exploit and export - they struggle to develop viable independent export economies. Only tourism seems to offer a basis for local economic development in many islands.

It is on the very small and remote islands, on coral atolls in the periphery or isolated "rocks" (often barren raised coral formations) in the ocean, where marginality is most keenly felt. These are places such as Rapa Nui/Easter Island, Tokelau, Wallis and Futuna, Pitcairn, and the outlying islands in the Cook Islands, French Polynesia, Fiji, Tonga, the Solomon Islands, Vanuatu and PNG that seem to be facing particularly marginal futures, the result of both economic and environmental threats together with geopolitical and demographic consequences.

In summary, marginalization seems to be a reality for many parts of the Pacific Island region, though it is a reality that is felt highly unevenly. The larger states of Melanesia, with larger populations and good resource bases may be able to contemplate a future that can be built upon from local foundations and some sort of engagement with the global economy. Elsewhere, openings from tourism, remittances or (largely aid-funded) employment in



local bureaucracies seem to provide a form of durable livelihoods for many, especially those living in the main towns.

Yet before we accept this somewhat pessimistic view of marginality in the Pacific Island region, we need to note that it has been rejected by some commentators, particularly from within the region. Most notably, the late Tongan scholar Epeli Hau'ofa was highly critical of portrayals of the region that stressed its smallness, vulnerability, dependence and isolation (and, by implication, its marginality). Instead he argued for an "Oceanic" perspective; one which saw the Pacific not as a series of tiny specs in a vast and empty ocean but rather a large ocean of opportunity (Hau'ofa, 1993). There is a long history of very successful navigation, movement and exploitation across the ocean, not only to the islands themselves but also to what Pacific Islanders themselves might regard as *their* periphery – the Pacific Rim countries in Asia, Australasia and North America. It is from these relational views that we gain inspiration for our analysis of marginality in places such as Niue as we will discuss below. First, however, it is important to note the importance of sovereignty in shaping the ability of Pacific Island peoples to respond to marginality.

### SOVEREIGNTY AND MARGINALITY

Just as there is considerable diversity across the Pacific Island region in terms of environmental, demographic and economic conditions, so too are there many contrasts in the political status of states and territories. The states of the Pacific run the full gamut of political sovereignty from fully independent states (PNG, Fiji, Solomon Islands for example) through to fully incorporated territories (Rapa Nui/Easter Island) (Firth, 2006). In between lies a complex set of semi-dependent arrangements such as "self-governing in free association" (for example Niue and the Cook Islands with New Zealand), and dependent territories with degrees of internal self-government (such as American Samoa, French Polynesia, New Caledonia). What is critical here is the relationship between political sovereignty and welfare, which as we will see is not always neatly correlated in any direction.

There are clearly costs and benefits of political independence. In many cases, Pacific Island peoples resisted colonial rule, such as in Samoa, and they strove to gain full political sovereignty. Such independence not only satisfied a quest for freedom from external control and the right of self-determination but it could also yield economic benefits. Regardless of the fact that states could have very small populations, independence brought a diplomatic status (a vote at the United Nations and a seat at negotiating tables) and this could be used to gain economic resources and political power beyond absolute size. During the Cold War era especially, independent countries could court rival superpowers and, in essence bargain one off against the other, attracting aid income. Such rivalry continues today with the Republic of China (Taiwan) and the People's Republic of China seeking diplomatic recognition at the expense of the other. Japan has also sought support for its opposition to bans of commercial whaling and grounds for its high demand for fish and seems to have been able to secure some support from Pacific countries, often in return for aid. So we can readily hypothesise that sovereignty is for sale – countries can use their political status as a bargaining tool, trading diplomatic support or recognition for aid and other forms of



material support. Independence, in a sense, provides a significant asset than can be traded for financial and political return.

Selling sovereignty may also be played in more subtle forms, bringing other substantial benefits and this involves an explicit closer relationship with a metropolitan patron, usually a former colonial power. In these cases, continuing forms of political incorporation with the metropole (a dependent territory, or self-governing in free association, or a rather more loose agreement setting out the elements of a close relationship) results in higher levels of aid (sometimes direct budget support and levels of welfare provision equivalent to the metropole), open access to migration and access to labour markets, and overall protection and security provision, even if the latter are rather fictional elements given the lack of any external security threats. Such agreements mean that dependence on a single patron is considerably heightened, and the possibility of trading off one dependence suitor against another is diminished, but the benefits may far outweigh these costs. As it is, some metropolitan powers, such as Australia (Dineen, 2004; Rosser, 2008), have adopted a more interventionist stance in the region in the past decade and have sought to reshape Pacific Island systems of governance through the Pacific Islands Forum and through aid regime changes, for example (Murray and Overton, 2011b). Dependence on key donors does create risks in the long term if these benefactors cease to provide aid. However, despite some significant cuts in the 1990s as a result of neoliberal-inspired policies, aid to the region (especially from the patron donors) has proved to be remarkably well maintained (see Figure Three below for Niue): arguably a much more long-term and sustainable revenue stream than, for example, export earnings.

Bertram (2004) has analysed the relationship between political independence/dependence and development in the Pacific and concluded that, indeed, those countries and territories with closer political ties and greater dependence on a patron do have higher incomes and better welfare provision. He also concluded that such an outcome is particularly the result of migration and remittances and integration of labour markets, not just that of explicit financial aid. Earlier Bertram and Watters (1985) propounded the MIRAB (Migration, Remittances, Aid and Bureaucracy) model for the Pacific as a way both of explaining why such dependent countries benefit more than their independent neighbours. They suggested that this might be a more viable (and durable) basis for well-being in small island states of the Pacific than problematic strategies to promote export-led economic growth.

Thus we suggest that sovereignty is an important asset that can be used in complex ways to help combat marginality in parts of the Pacific. "Selling sovereignty" may be one means to achieve this: trading diplomatic support of degrees of political integration for explicit return in the form of material aid and political support. In other ways, though, the process is much more complex and subtle and involves intricate negotiations that vary from place to place. Metropolitan powers, whilst keen to maintain historical ties and political influence and perhaps also help assuage some colonial guilt, are at the same time sensitive to accusations of overt influence and forms of neo-colonial rule. Thus, Pacific states can adopt a careful strategy of both seeking closer relationships yet asserting their independence and resisting interference. American Samoa is an interesting example of how this process can work. It is an unincorporated territory of USA. People born in the territory are classified

as US "nationals" but not "citizens" but they have full and unrestricted rights of entry to USA. They elect their own legislature, and executive power is held by a locally elected Governor, though the President of the USA remains Head of State. Although residents do not pay US federal taxes, a considerable share of public expenditure on education, infrastructure, and all the apparatus of government is heavily supported by the USA through the Office of Insular Affairs, in the US Department of the Interior. In effect, American Samoa governs itself fully but the American taxpayer foots the bill, while access to work in the USA provides considerable opportunities for employment and remittances home.

Returning to the marginalisation hypothesis, we argue that what is important is not so much the physical characteristics (smallness, remoteness, environmental fragility, climate change etc), nor the economic and social processes (such as out-migration) that define marginality but rather the way power is unevenly exercised, through aid regimes and political-economic relationships, that is critical. Power is held and exercised in different ways and to different degrees by both donors and Pacific Island states. The interplay of both determines the degree to which Pacific states can become integrated or not into the global economy and thereby to improve or limit the welfare of their citizens. We see Pacific Island states as being active agents, not passive recipients, in this geo-political realm where discourses of marginality can be constructed and negotiated in order to secure resources and benefits. The following case study provides some insight into the complexity of these power relationships.

### **NIUE: A CASE STUDY**

Niue is a Pacific island country that comprises a single island – a raised coral island of 259 square kilometres and a population of around 1300 people (Figure Two). It has labelled itself "The Rock of Polynesia" – a reference to its singular geology. It is easy to construct a case for its marginality. Being made of raised coral, its soil resources are generally poor, there are no mineral resources of note and its forest resource (despite some logging in the past) is not economically viable for exploitation (Terry and Murray, 2004). Similarly, although the country commands a substantial maritime economic zone, it has not been successful in establishing an export fishery industry. There have been attempts to promote agricultural production as a basis for development whether for export (copra, vanilla, passionfruit and, recently, noni juice) or import substitution (dairying) but these have failed to become established and agriculture on the island remains largely for household subsistence production. Its rocky coastline with raised coral cliffs presents several disadvantages in the form of a lack of a good deep-water port or attractive sandy beaches for tourists, though it may prove an advantage as some limited protection against rising sea levels. Niue is isolated. Its nearest neighbour is Tonga, over 400 kilometres to the west but both its shipping and air links are with New Zealand, with a weekly flight and a monthly shipping service to Auckland. Transport costs are very high, though most ships returning from Niue do so with spare capacity in their holds as imports far exceed exports both in terms of value and volume. Finally, it is subject to potentially devastating natural hazards as was illustrated by the impacts of Cyclone Heta in 2004, which destroyed critical infrastructure such as the hospital and main hotel, wiped-out a significant proportion of export agriculture and led to heightened de-population.

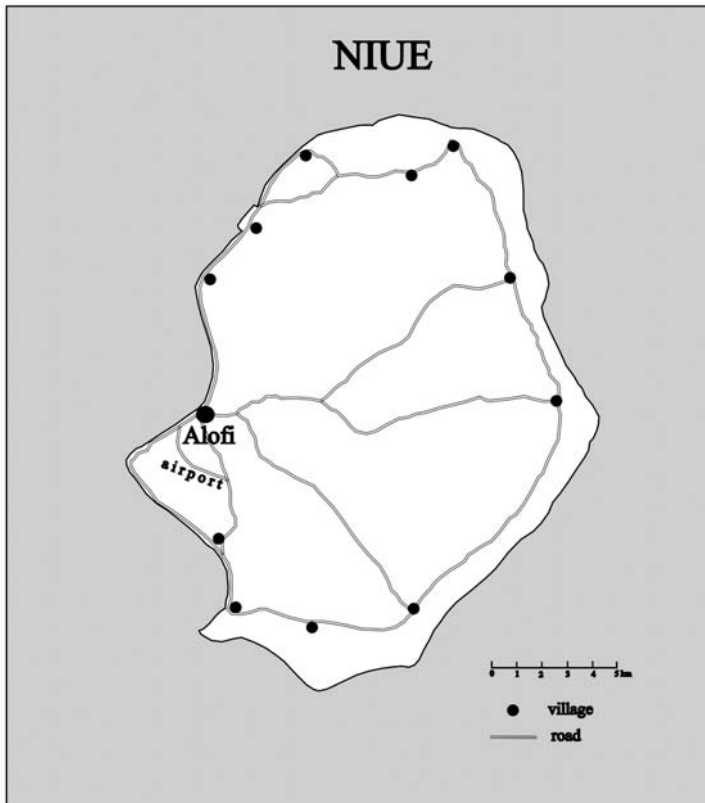


Fig. 2 Niue  
Sl. 2. Otok Niue

Clearly it can be argued that Niue is characterised by marginality in terms of its environment, its resources, its economy and its remote location. It has not been uncommon to see articles in the media questioning its very existence. Following Cyclone Heta in 2004, the *New Zealand Herald* newspaper published an article entitled "Viable future for Niue looks bleak" and there was wide discussion about how Niue might survive as an independent state (Pacific Disaster Center 2004).

### **Constructing marginality as an asset**

Despite this picture of vulnerability and fragility and the generally negative connotations that flow from this, we argue that marginality can equally be constructed in a positive sense. Niueans have been successful in using the resources they have, including the island's very condition of marginality, to leverage considerable benefits for themselves.

Given the problems encountered with attempts to establish export production in agriculture or fisheries (Murray, 2002), tourism appears to be Niue's only realistic option

in terms of an endogenous basis for economic growth and development. Although it lacks beaches, it does offer tourists whale-watching, fishing, cycling and visits to coral caves as attractions. Furthermore, the fact that it is *not* a conventional tropical Pacific Island destination may be appealing for tourists seeking peace and quiet and a different Pacific tourism experience. The marketing of Niue as a tourism destination makes much of its marginality: supposed negative attributes (isolation, smallness, rugged environment) are turned into attributes (Connell 2008b). Even the low frequency of airline connections (one flight a week to and from Auckland) helps construct a particular tourism experience, with tourists staying for a minimum of a week and conforming to an informal schedule of activities over the seven days (for example particular restaurants are known to have their own special nights and associated events during the week). Although heavily subsidised by New Zealand aid (see below), the tourism industry in Niue seems to be establishing itself successfully and it is attracting increasing numbers (the 6000 visitors in 2011 represented a marked increase from the 3500 four years earlier). Its marginality has become perhaps its greatest selling point.

Foreign aid is a critical element of Niue's economy and it helps maintain a public sector that is the island's largest employer by far: the Niuean government accounted for 56 percent of paid employment on the island as recorded in the 2006 census (Niue 2008:xii). Because local sources of government revenue are minimal, aid has to provide for the costs of basic public services. These services include a hospital, schools (including a high school), transport infrastructure, electricity generation and distribution, law and order and other basic services. However, as well as providing most of the resources needed to maintain services on the island, aid revenue has also been used increasingly to promote economic development in ways that would be impossible otherwise. The air service from Auckland (run by Air New Zealand, substantially owned by the New Zealand government) was subsidised for a time by the New Zealand aid budget, though it now appears to be viable and without need of continuing subsidy. Shipping services are also subsidised. And in perhaps the most striking example of aid support, New Zealand aid was used to purchase the Matavai Resort (the only tourism resort on the island – other ventures being smaller largely household run accommodations) and pay for significant renovations and enlargement. Under this aid arrangement, the resort will pass from New Zealand government ownership back to a largely Niuean-owned company. What is notable here is that New Zealand aid funding was used to purchase and develop a tourist facility and then gift it to local hands: it is strategy that runs entirely counter to the New Zealand government's own neoliberal principles and its current programme at home to divest itself of state-owned assets.

Overall, aid revenues to Niue have increased steadily in the past decade (Fig. 3). Aid has also come in other forms and from other sources. Concern for climate change and sea level rise has led many aid donors to increase aid funding for environmental projects across the Pacific region. Although, as we have seen, Niue is not at any immediate risk from rising sea levels, the overall image of Pacific Island vulnerability to climate change has helped direct some such resources to Niue. Its environmental concerns may be more to do with water supplies or waste disposal issues, such as how to manage old asbestos building material or old motor vehicles, but aid donors seem to have their own agendas.

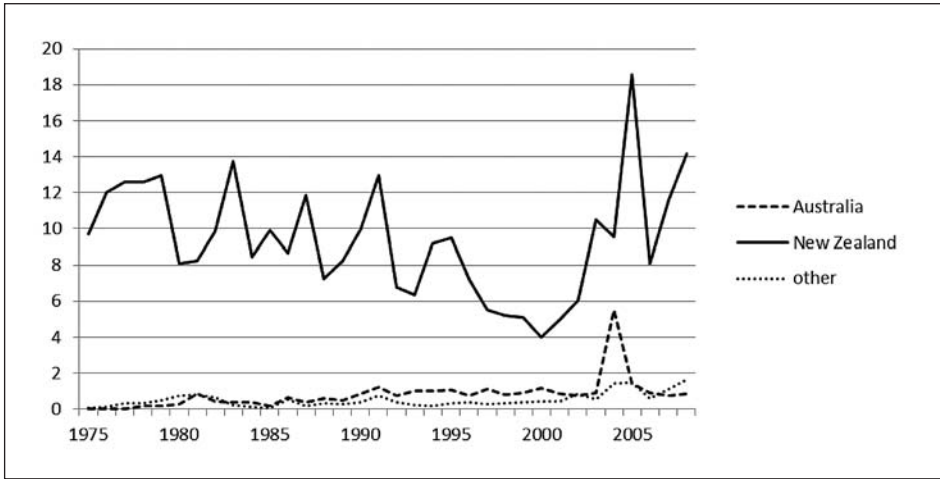


Fig. 3 Official Development Assistance to Niue 1975-2009 (\$US in constant 2009 prices)  
 Sl. 3. Službena razvojna pomoć za otok Niue od 1975. do 2009. (usklađeno s cijenama iz 2009.)

Although New Zealand dominates aid provision (with around \$US14 million in 2008), there are signs that other donors are interested in supporting Niue. Australia and Japan supply funds (around \$US 2 million in 2008), but China is yet to have a presence, as it has in many other countries of the Pacific (Ratuva, 2011).

The reason aid inflows have been so high and increasing is largely because of the sovereignty status of Niue. Niue became a British Protectorate in 1900 but soon passed to New Zealand who annexed the territory and, for some time, administered it as part of the Cook Islands. Its colonial history was marked by episodes of incompetence and relative neglect (Scott 1993) but when independence was granted in 1974, Niueans chose in a referendum to be self-governing in association with New Zealand (rather than either full independence or continuation as a New Zealand territory). Under this arrangement, New Zealand took responsibility for functions such as defence and external relations and agreed to offer continuing assistance but Niue had its own legislature and constitution. Association with New Zealand gave Niueans the full rights of New Zealand citizens, free to enter the country at will. Many did and today over 90 percent of people claiming Niuean ancestry live in New Zealand, with a significant proportion living also in Australia, rather than in Niue.

This special sovereignty arrangement is a critical element in its strategy for dealing with its own marginality. Aid and remittances (and now tourism) help maintain livelihoods on the island – enjoying relatively high material standards of living compared to most other Pacific Island countries - whilst those who feel they want to, can fly to New Zealand and seek employment, higher education or be reunited with kin there (Connell 2008a). It may have resulted in depopulation (see below) but is beyond doubt that Niueans have been successful in using this sovereignty status to construct a more durable and varied set of livelihood options for themselves. Indeed, when we examine the sovereignty alternatives for Niue, we can appreciate how marginality has been dealt with effectively. If Niue had

voted for full independence in 1974, it is likely that it would have struggled to survive in the same way as a viable political entity: it might have been able to benefit from playing superpower politics in the 1980s (though it would have not had the diplomatic resources to engage in this well) but its aid income would have been much less and more variable. If it had voted to remain a New Zealand territory (in effect opting for integration with New Zealand), it is likely that it would have gained much as the New Zealand government would have had to provide a level of services equivalent to those "at home". Yet it could be argued that this is probably happening already and that services provided are at least equivalent, if not better, than for an equivalent sized community in New Zealand (which would not expect its own hospital or high school). Providing such services at even a minimal level in a small and remote community such as Niue means that a whole hospital, for example, has to be built, as the service cannot be subdivided or provided from afar). And as part of New Zealand, it could not expect the government to buy and develop its local tourist resort. As a patron donor, New Zealand has found itself committed to providing a high level of service provision, which is difficult to reduce without attracting criticism of neglect of its responsibilities to a dependent territory. A final option for Niue (though not one they were able to choose in 1974) would have been to be incorporated into another territory such as the Cook Islands. This would have perhaps been the worst option of all. For although it might have benefited in a similar way from the "free association" model with high aid levels and free movement as New Zealand citizens, Niue's very identity would have been submerged and it would have become just another outlying island with limited ability to control its own destiny, even higher rates of depopulation, a much smaller public service and local employment, and no effective sovereignty that it could trade on.

It can be argued that Niue's very marginality is another reason for the high levels of aid support it receives. Its small population size means that it cannot maintain a viable bureaucratic apparatus and public services without external support, its isolation and economic size means that effective links to the outside world cannot be developed and maintained without subsidy, and its rugged environment and the environmental hazards it faces cannot be endured and mitigated without some forms of outside assistance. Perhaps also, its smallness and potential political fragility mean that it needs close ties to a benign benefactor to stop it falling into the hands of terrorists, money launderers, criminal gangs or undesirable foreign suitors – as some metropolitan powers might fear for several Pacific Island states (Fry 1997, Ward 1989). Once again marginality has been reconstructed from a set of negative attributes and constraints to become a means of attracting considerable material support from outside.

### **"Demarginalization" or development at the margins**

Having seen how marginality has been actively constructed as an asset for Niue, rather than as something to blame for its ills, we now turn to examine how the processes of marginalization, which we noted above for the Pacific (depopulation, environmental change and geopolitics), are to a large extent being balanced by counter processes – what might be termed the processes of "demarginalization" or at least processes of development that can occur within the context of development at the margins.

In analysing these processes we return to the MIRAB model of Bertram and Watters (1984). It is clear that since this model was first suggested over 25 years ago, much has changed in terms of global environments, economies and politics, yet the basic findings of the model remain valid. Furthermore, it is clear that the well-being of Niueans can be favourably compared to other Pacific Island states. Educational enrolment rates are very high, over half the population claim to have had secondary education and a third have tertiary education. The labour force participation rate is very high at 78 percent, life expectancy at birth is 67 years for males and 76 for females, and infant mortality is rare (only one case was recorded between 2001 and 2006) (Niue 2008: xii). In 2007 Niue was able to report that it had either achieved all the Millennium Development Goals (including the key goals regarding poverty, education, health and gender equality) or was on track to achieve them (environmental sustainability) (Niue 2007:53; also Naidu, 2009).

Migration and remittances are perhaps the most critical element of the model and are the most important processes of development for Niue. Figure Four tracks population change in Niue. Here we see steady depopulation since the 1970s. Population decline is continuing but the possibility of Niue becoming totally depopulated is unlikely as both the local government and aid donors appear committed to maintain the community. What migration has done is provide a safety valve for the island's population. Instead of being stuck "on the rock", people can find employment, education and widened lifestyle options in New Zealand in particular. If this substantial movement of people off the island spelled an end to their contact with the island and those who remain, it might be considered a problem. However, this is far from the case. Although many Niueans have permanently settled overseas, most retain some contact with the islands. Money is remitted back to

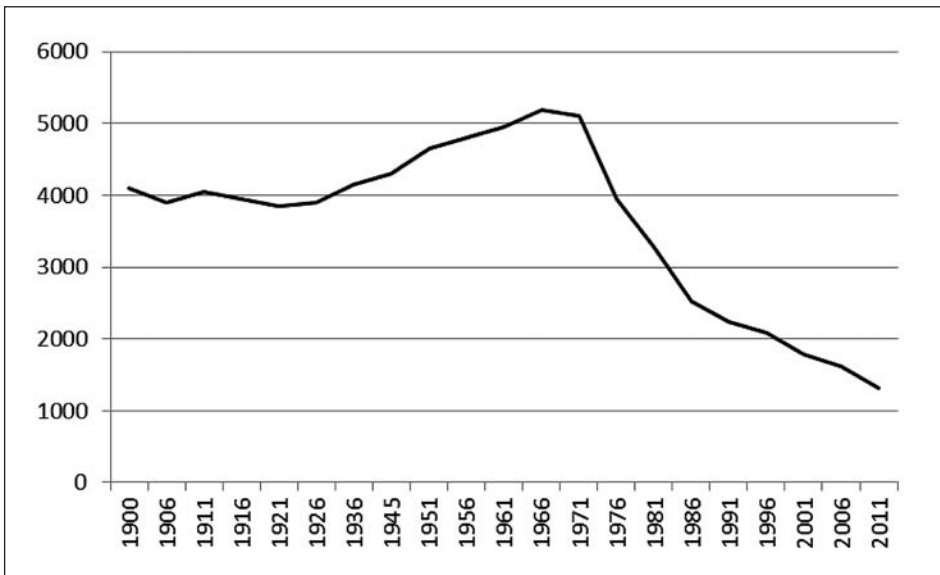


Fig. 4 Niue population 1900-2011

Sl. 4. Stanovništvo Niuea 1900. – 2011.



relatives on the island, and people travel frequently to the island to enjoy family reunions or merely have a holiday with their relatives. Others engage in a form of circular migration. Some grow up in Niue, go offshore for higher education or employment, and then return later in life to retire or find more relaxing forms of work and living. Yet others may engage in shorter spells of work offshore, returning with their savings to lead an island life for a while. The migration connection also works because expatriate Niueans retain their connections whilst overseas, offering accommodation and support for those who move, and maintaining Niuean societies and culture in communities in Auckland, Wellington, Sydney and elsewhere. So it can be argued that remittances and migration have proved to be a durable and beneficial form of activity, in effect a form of development that is sustainable at least in the medium term (Connell 2008a).

The aid and bureaucracy elements of the MIRAB model have proved to be similarly long lasting, though they are more reliant on the whims of foreign politics than they are on the decisions and actions of Niueans themselves. Figure Three showed that aid revenues have grown in real terms over the past decade in particular. This has allowed for the maintenance of public services and a reasonable body of employment on the island. Yet the aid stream has not been consistent, either in volume or in character. Following independence in 1974, New Zealand maintained a degree of budget support, directly supporting public services. However, in the 1990s, changes in New Zealand's aid policies, following a neoliberal turn, both diminished the volume of aid noticeably and shifted it away from supporting government services and towards discrete development projects (Scheyvens and Overton 1995). This badly affected both the provision of public services and, more crucially, the level of public sector employment. This neoliberal phase seems to have given way to a new regime in the past decade, what elsewhere we have termed a "neostuctural" aid regime (Murray and Overton, 2011a). This has reinstated substantial aid to the public sector to provide services and resulted in much higher volumes of aid. Moreover, even though the New Zealand aid programme has shifted again since 2008 towards a more market-led approach to economic development (Banks et al 2012), it has also been accompanied by a renewed interest in New Zealand's "realm" (its former territories, including Niue) and the volumes of aid have continued to grow. Thus, despite some variability in aid volumes and policies, foreign financial support for the public sector in Niue, and the consequent support for significant public sector employment, aid and bureaucracy have also proved to be reasonably strong and durable bases for relative prosperity in the face of marginality.

A final aspect of "development at the margins" not explicit within the MIRAB model is tourist development. As we have seen, this has required particular support in Niue and, despite some promising signs, it has not yet become firmly established as a viable basis for economic development on the island. But given the rise in tourist arrivals and the commitment of both the Niue government and aid partners to develop the sector, it seems that this is helping counteract (and indeed leverage off) Niue's marginality.

## CONCLUSIONS

This paper has addressed the issue of marginality in the Pacific Island region and paid particular attention to the country of Niue. This state of approximately 1300 people has

survived and, arguably, prospered despite some strong markers of marginality: its smallness, isolation, lack of natural resources, environmental threats and declining population.

What can be seen in Niue is an interesting interplay of simultaneous processes of marginalization and development. At the same time as some factors of marginality are becoming more acute in the region (global environmental change, more neoliberal world trade and an end to protectionism and subsidy, and increasing population mobility and possible depopulation), we see that counter processes are both intensifying and even turning these apparently negative changes to the advantage of Niue. Thus migration may be emptying some of the villages of Niue but it is also widening the development options for Niueans and providing an income stream for the island from remittances. Similarly, whilst global politics may have led to the faltering of hitherto subsidised industries, continuing concern for geopolitical security and poverty alleviation have helped maintain and increase aid budgets so that services and employment continue to provide livelihoods and welfare for Niuean residents. Even climate change may have been partly balanced by the new inflow of resources from Western donors, guilty perhaps that their contribution to global warming is leading to serious consequences for Pacific Island states.

In these parallel processes of marginalization and development we have discerned an interesting strategy being adopted by various individuals and agencies in Niue and the wider region. This involves constructing marginality as an asset rather than as a constraint on development. Thus, isolation, remoteness and a lack of development can become selling points for the Niuean tourism industry; vulnerability to climate change may be used as a way of attracting aid funding; and the smallness and fragility of a microstate's public sector is used as a way of again attracting aid support to maintain services and employment. Marginality does not spell the demise of countries such as Niue; rather it provides a potential means for its survival if it is constructed appropriately and negotiated carefully. Furthermore, marginality is not absolute, nor is physically determined. Rather, marginality is malleable: it is constructed, traded, negotiated and restructured, often with the active involvement and direction of those whom others might term as "marginal", namely local polities and communities.

In these processes of change and negotiation, it is interesting that both the periphery (Niue) and the metropole (in this case New Zealand) are complicit in the active construction of the marginality narrative, for both gain in some way. For Niue, marginality is a way of attracting attention and support (though hopefully not excessive interference); for New Zealand, the portrayal of Niue as a marginal country helps it justify its aid programme in the region (which it does often for wider geopolitical reasons) and it gains kudos from other aid donors as a result (perhaps absolving it of responsibility for acting elsewhere in more difficult aid environments). In a parallel way, the construction of tourism images of Niue suits both the local businesses wishing to attract tourists and those tourists who seek a different, more "marginal" tourism experience away from the mainstream of Pacific tourism. With such complicity in the portrayal of Niue, gains may be made but it does obscure a more nuanced and critical understanding of what the real parameters of Niue's marginality are.

Finally in this case study, we have seen the importance of sovereignty. The ability of this putatively small and marginal island state to survive and prosper is, we argue, largely

due to its ability to maintain its separate identity and political self-determination. This sovereignty is in practice flexible, malleable and negotiated, so that elements of Niue's independence are traded for material gain (whether through aid or migration opportunities). Yet, in the end, absolute sovereignty is not for sale. By making some concessions to its independence yet strongly holding on to Niuean identity and its right to govern itself and determine its own development, Niue has been able to gain much more than it ever would have by either becoming fully independent or becoming fully integrated into the New Zealand (or any other) state. A sense of sovereignty and the recognition of that sovereignty by others, is perhaps the greatest asset small island states such as Niue have in dealing with their marginal place in the global economy.

#### NOTES

- <sup>1</sup> The phenomenon of "constructing" places and their "consumption" in the tourism industry has been analysed at length by Urry (1995).
- <sup>2</sup> The MIRAB model has been revisited by other commentators and, although some other elements, such as tourism, have been suggested as important, the basic tenets of the model are still largely accepted (Bertram 2006).

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#### SAŽETAK

## Suverenitet na prodaju? Hvatanje u koštac s marginalnošću u Južnom Pacifiku – primjer otoka Niuea

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Južnopacifički otoci izuzetno su marginalizirani prema globalnim standardima. Fizička udaljenost od globalnih tržišta pogoršana je malenom površinom i ograničenim resursima otoka, koji su po postanku uglavnom koraljni atoli ili izdignuti grebeni. Globalizacija često pojačava učinke marginalizacije ukidajući zaštićeni pristup tržištima te neoliberalnim restrukturiranjem javnog sektora, što kao posljedicu ima smanjenje zaposlenosti na domaćem tržištu rada. Nadalje, klimatske promjene i podizanje razine mora prijete gubitkom ili degradacijom naseljivog tla, kojeg je već sada malo. Unatoč svemu tome pacifički narodi i njihove vlade pokazali su otpornost u suočavanju s problemima marginalizacije. Jedan od odgovora na prikazane probleme bila je migracija, no to je uključivalo kompleksan proces cirkulacije i održavanja veza s otocima. To je ovisilo i o pronalaženju „domaćina” za migrante. Razvojna pomoć također je bila jedan od čimbenika koji su omogućili preživljavanje otočnim narodima, što je uključivalo suptilnu strategiju traženja pogodnih donatora i ispunjavanje njihovih zahtjeva uz čuvanje određene razine suvereniteta. U oba ta procesa pitanje suvereniteta bilo je najvažnije. Korist se dobivala prepuštanjem dijela efektivnog suvereniteta drugoj državi (najčešće bivšemu kolonijalnom upravitelju), a takvo pokroviteljstvo obilježeno je izdašnom razvojnom pomoći i izuzetno povoljnom zakonskom regulacijom migracije. I u takvim asimetričnim geopolitičkim odnosima otočne države na marginama uspjele su održati suverenitet. Rad se bavi primjerom otoka Niuea, s manje od 1500 stanovnika, koji ima status samouprave u slobodnom savezu s Novim Zelandom.

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