GOVERNANCE ISSUES IN THE PACIFIC ISLAND COUNTRIES

Mahendra Reddy

Abstract. The performance of an economy is determined by economic, political, legal and institutional frameworks and processes which are in turn affected by governance practice. The economic performance of the Pacific Island Countries over the past decade has been sluggish when compared to other developing countries, and this has been associated with bad governance in the region. This chapter examines the specific issues in Pacific Island Countries that may have an impact on the nature of governance practice and argues that institutional reforms are likely to be resisted strongly by those benefiting from the existing arrangements. The chapter contends that the *status quo* can only be changed by the involvement of the local stakeholders and by education. However, the international donor community also has a role to play in this regard, by ensuring that aid does not support bad governance.

1. Introduction

The performance of the Pacific island economies over the last decade has been sluggish. The performance of an economy is determined by economic, political, legal and institutional frameworks and processes which in turn are affected by governance practice. According to recent examination, the difference in growth rates of countries, similar in resource endowments and macroeconomic policies, can been attributed to bad governance. The donor community views governance as key to development and to improving the investment climate (Kaufmann, 2005). The foundations of this view can be traced back to the seminal work of Douglas North, the Nobel Laureate in Economics.

Governance practices in a number of Pacific Island Countries (PICs) have not been conducive to an attractive investment climate. Corruption is increasingly being considered as a governance problem and is seen to thrive in countries with governments unable or unwilling to protect property rights and to put in place effective institutions.

Of the Pacific Island Countries, the two countries whose corruption indices have been given by Transparency International are Fiji and Papua

New Guinea (PNG). For both these countries, the indices are below 5.0 indicating that a high level of corruption prevails in these countries.

The poor governance practices in the region have exacerbated the inherent constraints faced by SIDS. These constraints have been identified in a number of studies, including Briguglio (1995), Briguglio and Galea (2003), Crowards (2000a) and Atkins et. al. (2000). Briguglio (1995) shows that out of 114 countries, including developed and developing ones, the small island states tended to show very high economic vulnerability scores. The issue of small states' vulnerability has been acknowledged in appropriate fora and this vulnerability has generally been attributed to the high degree of exposure of such economies to external shocks.

While efforts are underway at country and also at regional levels for improvement of governance practices, design and implementation of effective policy measures would only be possible if issues affecting governance are identified and examined in detail. This chapter will focus on such issues pertaining to the Pacific Island Countries (PICs).

The chapter is organised as follows. The second section compares the economies of PICs with those of other developing countries. The third section examines the specific issues of governance applicable to PICs while the last section provides some concluding considerations.

2. Economic Performance in the Pacific

According to a UNDP definition:

"Good governance is, among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law. Good governance ensures that social and economic priorities are based on the broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources." (UNDP, 1997: 3)

In most PICs, the growth of average per-capita incomes has been sluggish since independence, which in some countries occurred over 30 years ago. In the region, population growth rates are still high, and total fertility rates are around 4 in some countries (e.g., Papua New Guinea, Marshall Islands, Solomon Islands and Vanuatu). With population growth rates of 2.5 percent or higher, the GDP of these economies has had to grow at an average growth rate of around 2.5 percent annually, just to maintain constant average per-capita incomes. In reality, there is evidence of increasing poverty in the PICs (Asian Development Bank, 2004).

The economic performance of the PICs in the second half of the 1990s and the first half of the 2000s varied considerably from country to country. Cook Islands, Fiji, Kiribati, Samoa, Tonga and Tuvalu all had positive per capita GDP growth during this period, while the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), Solomon Islands, and Vanuatu experienced negative per capita GDP growth, on average.

When PICs are compared with other developing countries, it appears that PICs are not performing well. The average 1995–2003 per capita GDP growth rates of the low-income countries (3.2 percent) and lower-middle -income countries (3.6 percent) are higher than that of the PICs (0.7 percent average for 1995–2004) (Reddy and Duncan, 2006). The small economies of the Caribbean are widely used as comparators for the PICs. For the period 1995–2003, the average for the Caribbean countries was 1.6 percent, again, higher than the 0.7 percent average for the PICs.

Of the three countries with increases in per-capita incomes above 2 percent per annum, Cook Islands (6.5 percent), Kiribati (2.3 percent), and Samoa (3.1 percent), two of these—Cook Islands and Samoa—have undertaken substantial economic reforms. The economic performance of Cook Islands improved substantially following the comprehensive economic reform programme begun in 1996, moving from a negative GDP growth rate in 1995 to a positive 5.8 percent in 1998 and 13.9 percent in 2000. Its performance since then has been less impressive, however, with GDP growth rates in the 3 to 5 percent range. The Cook Islands' population has declined at an annual rate of 3.4 percent over the past ten-year period because of emigration to New Zealand, explaining in part the very high rate of per capita GDP growth.

Samoa had two years of 6 to 7 percent GDP growth in 1995 and 1996, and another two years of growth at similar levels in 2000 and 2001. The economic reforms undertaken in the 1990s, such as tariff reductions, adoption of VAT, liberalisation of the foreign investment environment, and public sector-reform appear to have played a role in the reasonably good performance over the past decade. Ownership of the reform programme at the highest political level was no doubt important in its effective implementation.

While per capita GDP growth in Kiribati has been reasonably good, the Kiribati economy primarily consists of services (75 percent) most of which relate to public administration. The Kiribati economy is largely driven by aid, fishing licence fees, trust fund revenues and remittances from emigrants, with most of these funds being used to support growth in the public service.

Vanuatu is another PIC that has undertaken substantial economic reform in recent years. However, Vanuatu has also experienced considerable political instability and averaged only 1 percent GDP growth during 1995 to 2004, which translates into an annual per capita GDP decline of 1.6 percent over the past decade. Seventy-five percent of the Vanuatu economy is recorded as services — a large part of which relates to public administration. As elsewhere, macroeconomic stability has been achieved relatively easily in Vanuatu. In 1998, when the Comprehensive Reform Programme was introduced, the fiscal deficit was 10 percent. In 2004, the government budget recorded a surplus of 1.1 percent. However, achieving microeconomic reform has proved difficult.

Fiji, the Federated States of Micronesia, Papua New Guinea, the Republic of Marshall Islands, and the Solomon Islands have undertaken microeconomic reform programmes over the past decade or so. However, there has been limited success with any of these reforms. A major problem appears to be in the implementation of these programmes. This may be due, to some extent, to bureaucratic ineffectiveness but it is more likely due to political unwillingness.

3. Governance Issues in Pacific Island Countries

As already stated, poor governance in the Pacific region is often seen to be a key factor explaining the relatively poor economic performance of the Pacific island nations. This section considers a number of factors that are likely to lead to lack of good governance in the PICs.

Institutions

Institutions guide policy change for growth and development. These institutions can be either formal (constitutions, laws, property rights) or informal (customs and traditions). In traditional neoclassical economics, the role of institutions was not given due importance. It was not until North (1990) developed literature on this issue that property rights were brought to the forefront of neoclassical economic analysis. Arguing for the importance of institutions, North (1990: 34) stated:

"The institutions necessary to accomplish economic exchange vary in their complexity, from those that solve simple exchange problems to ones that extend across space and time and numerous individuals. The degree of complexity in economic exchange is a function of the level of contracts necessary to undertake exchange in economies of various degrees of specialisation. Non-specialisation is a form of insurance when the costs and uncertainties of

transacting are high. The greater the specialisation and the number and variability of valuable attributes, the more weight must be put on reliable institutions that allow individuals about whether the terms of the contract can be realised. Exchange in modern economies consisting of many variable attributes extending over a long period of time necessitates institutional reliability, which has only gradually emerged in Western economies. There is nothing automatic about the evolution of cooperation from simple forms of contracting and exchange to the complex forms that have characterised the successful economies of modern times."

One of the distinctive features of PICs economies is the lack of appropriate institutions or the inefficiency of institutions that underpin growth and development. An Asian Development Bank (ADB) study by Mellor and Jabes (2004) reveals that the kinds of governance institutions so critical for producing equitable and effective development have not had time to develop fully. Furthermore, the Report states that these governance institutions often are, or appear to be, at odds with traditional political and cultural systems and processes, and that in the region, the island states have not had time to work through the complex and complicated integration of old and new systems.

Chiefly System and Communal Culture

Most of the political systems in the PICs have developed in such a way as to suit the political as well as the traditional authority. The traditional system has been considered as outdated (Reddy and Duncan, 2006), with decision making flowing from the topmost authoritative person in society such as the chief (Ratu) in Fiji, or the Matai in Samoa, or the "Big Man" in some of the Melanesian societies. These systems are not suitable for a modern economy based on the market mechanism and not sufficiently participatory for democratic governance.

The communal system, with its strong clan loyalties, presents difficulties for the establishment of a market economy because markets depend heavily upon competitive transactions. The close clan ties on the one hand and the long-standing distrust between different groups on the other, lead to difficulties in developing the right attitudes for the development of a market economy. Often, there is considerable tension between the national governments established following independence, and the traditional authorities, leading to loyalty conflicts within society.

Ironically, however there are instances where the authoritarian nature of traditional governance structures fits comfortably with the acceptance

of the predominant role of central governments in economic decisions. The acceptance of the "big government" in economic development has also sometimes been promoted by education systems within the region. Open markets and movement away from the communal system are seen as undesirable by some social scientists, who often rail against the imperialism on the part of advanced economies and against globalisation.

As North (1990) argued, established monopoly positions tend to support the existing belief system and inhibit learning about alternative belief systems. Often, those who have become well-off in the PICs have largely acquired their wealth as a result of government-created monopoly positions through, for example, restricting trade and investment, or from privileged positions in parasitical organisations.

Impartiality of the Courts of Justice

The effectiveness and impartiality of the courts with regard to rights on property is critical for fostering investor confidence and thus has a direct implication for investment and economic growth. In turn, the governance of a country has a direct bearing on the courts system, through the safeguarding or otherwise of judicial independence. As King (1994) argued, the provision of fair, competent, thorough and impartial judicial decision-making depends heavily on the strength, financial security and organisational professionalism of the judiciary as an institution.

During periods of political instability and crisis, the courts are always targeted for control. A case in point is the recent political crisis in Fiji where, immediately after the overthrow of the democratically-elected government, the Chief Justice and the Chief Magistrate were suspended. According to Professor James Crawford, Senior Counsel and the Whewell Professor of International Law at the University of Cambridge, the whole process of the dismissal of the Chief Justice and the appointment of the Acting Chief Justice was unlawful (Fiji Daily Post, 2007).

Electoral System and Governance

The electoral systems in the PICs have evolved with modern traits often being superimposed on traditional communal structures. For some countries, indigenous forms of authority provided the basis for the post-colonial order, as is the case in Samoa and Tonga. In other cases, customary leadership was incorporated by way of establishment of bicameral legislatures, as is the case in the Marshall Islands and Fiji (Ghai, 1983). However, over time, as the PICs experienced problems, the appropriateness of these systems has often been questioned.

For the Melanesian countries, the Westminster system has been deemed to be unsuitable for the governance of the country. Some writers have even argued that the electoral arrangement underpinning these systems is in part responsible for the weak, divided and inefficient governments of the PICs (Care, 2002). For example, Fiji's first-past-the-post voting system allowed for voting along communal lines and as a result, Parliament was also divided along communal lines. Parliamentary debates tend to centre on ethnic issues and this often led to further polarisation of the community along ethnic lines.

During the review of Fiji's 1990 Constitution, the Review Commission suggested that the post-independence electoral institutions possessed a "divisive effect,", and proposed the Alternative Vote (AV) system.

The AV system allows moderation between parties. This is because parties can give second, third, fourth, and subsequent preferences to other competing parties. To decide as to which party the second and subsequent preferences are to be assigned, the parties will have to engage in dialogue to exchange preferences. While the AV system in Fiji did bring about some degree of harmonisation of party platforms, the multiparty Cabinet went through a number of problems. In 2001, when the SDL government won the election, they refused to invite the Indiandominated Fiji Labour Party into the Cabinet. There was a long drawnout battle in the courts, thus further dividing the communities along ethnic lines.

PNG also used the Westminster system and, unlike Fiji ,where parties are based on ethnic lines, here parties align themselves to clans. Recent electoral reforms were aimed at curbing party floor crossing and election funding. Furthermore, the reforms saw the establishment of the AV system which would encourage voters to vote for other clans.

Tonga has a monarchical system in which the King appoints 12 members of parliament, 33 nobles select 9 representatives while 9 are elected by a common suffrage. This system has long been criticised, often evoking protests, and recently there was major civil unrest in Nuku'alofa in this regard. Shops and other properties were burnt down by protestors. The ADB 2007 outlook for the Pacific estimates the reconstruction costs to exceed US\$50m.

Samoa's electoral system also had several voting restrictions in place. Following independence in the early 1960s, only Matal's could vote and stand for parliament. However, in 1990, this was changed, allowing all those reaching the voting age to vote, but only Matai's could stand for election.

The Solomon Islands also has a first-past-the-post electoral system which has been linked to the social unrest experienced in the country during 1998-2003. Roughan (2004: 1) notes that:

"...the electoral weakness, as well as a grossly unprepared electorate, corrupt practice at the highest levels of government and serious ineptness throughout the public service that allowed leaders who, perhaps influential and capable at village and local level politics, proved incompetent and unable to cope at the provincial, national and international levels".

Government Accountability

Government accountability has important implications regarding investor confidence and, therefore, economic growth. For example during the 1998-2003 tension years in Solomon Islands, rules and regulations in government departments were ignored repeatedly. The Auditor General's office, in one of its reports, stated:

"... one of the contributing factors to the overall position in the Department was the tension period, but this is not considered to be the major reason for the poor state of the Department. Fisheries Management failed to exercise proper management and internal control practices within the Department with the result that the Licensing Section conducted business as if it were their own. There was a systematic, particularly with locally based foreign vessel companies, request by Fisheries for cash, and senior fisheries officers from the Licensing Section made collections, particularly for annual observers' fees. Most of these collections could not be accounted for and we have traced some collections of public moneys to Fisheries Officers or their spouses' personal bank accounts." (Solomon Islands Government, 2005: 4).

Security and Instability

The rise in security threats to a number of PICs over the past two decades has become a major threat to good governance and orderly economic growth. Ratuva (2005) provides a range of security issues being faced by the PICs (see Appendix 1). The frequent cases of insecurity and instability in the Melanesian countries have made this region known as "the arc of instability".

Instability and law-and-order problems in PICs over the past two decades have basically been from within, in some cases, via the disciplined forces. Beazley (2003: 2) argues that:

"Unless the quality of government in the South West Pacific can be restored, and social and economic development resumed, we risk seeing our neighbourhood degenerate into lawless badlands, ruled more by criminals than by legitimate governments. Despite our best efforts, the continued viability of PNG, the Solomons and Vanuatu as nation states is now uncertain. Their governments are weak, transient and hard to deal with. Corruption is rife and control over territory is uncertain. Economies are stagnant and law and order is poor. Their ability to resist penetration by outsiders—whether states or non-state entities—is almost nil."

The Australian conflict with PNG over the Julian Moti affair, the conflict with Solomons over the Regional Assistance Mission to Solomon Islands (RAMSI) and the December 2006 overthrow of the democratically elected government in Fiji clearly demonstrate the security threats faced by PICs and their implications for governance. Threats to internal security have often been compounded by various issues associated with social transformation that are faced by Pacific communities (see Appendix 2).

Following the first coup in Fiji in 1987, the Pacific Islands Forum Secretariat, a regional body of Pacific Island Leaders including Australia and New Zealand, established a small working group to work on principles to be adopted by the regional countries. The outcome of the working group was the Biketawa Declaration, adopted by the leaders in October 1997.

This declaration commits Forum leaders to the following key principles:

- good governance;
- belief in the liberty of the individual under the law and in equal rights for all citizens regardless of gender, race, colour, creed or political belief:
- "uploading" democratic process and institutions, which reflect national and local circumstances, including the peaceful transfer of power; and,
- the rule of law and the independence of the judiciary, just and honest government (Firth, 2001: 278).

The long-term sustainable solution in improving security issues in PICs will require a thorough understanding of these dimensions of social transformation thus ensuring that strategies and policies designed for growth and development do not conflict with it. In a report commissioned by the Forum Secretariat of the Pacific to examine security issues of the region, ethnic differences, land disputes, economic

disparities and "a lack of confidence in the government's ability to resolve differences fairly or satisfactorily" were identified as the key causes of violent conflicts (Crocombe, 2000).

The Role of the Private Sector

The private sector plays an important role in a country's economic agenda. The private sector's role is significant in the harnessing and distribution of resources for wealth creation and sustainable development. Wealth creation is largely dependent on trade and investment.

The private sector is generally small in the PICs, and has tended to be sheltered by trade barriers; as a result, existing private-sector interests have tended to be antagonistic towards opening the economy to trade and investment as this would mean increased competition for them. The frequently too-close relationships between private-sector interests and politicians in these small economies increase the difficulty of achieving economic reform. However, even here, good governance is of major importance since a stable and predictable environment, in which the private sector and households can expand the activities, is critical. Increased economic activity will also provide resources to the government to carry out its role in providing infrastructure, security, education, health and effective judiciary. This, in turn, will further boost private-sector activities, thus leading to further growth.

The Role of the Donor Community

The difficulties that development assistance agencies have experienced in trying to assist PICs to liberalise their international trade and investment regimes, to privatise their state-owned enterprises, to create more favourable conditions for private investment, and to reduce the use of commodity price stabilisation schemes and agricultural and development banks, appears to stem largely from this antipathy towards open markets. This may also help to explain the lack of interest in establishing secure property rights and ensuring impartial enforcement of contracts. In general, it appears that development assistance agencies have not properly understood the lack of interest in open markets in the PICS and have not given sufficient attention to the need for economic reform in such circumstances.

Economic Smallness

Larmour and Barchan (2005) argue that there seems to be a distinctive pattern of bad governance in the Pacific Islands. The authors attribute some, but not all, of those differences to smallness in population and

land area. The authors argue that smallness generates particular risks of corruption.

One factor in this regard is the concentration of capital in the hands of few, termed as "state capture". It is defined as "the undue and illicit influence of the elite in shaping the laws, policies and regulations of the state. When the institutions of the state are "captured" by vested interests in this way, entrenched elites in a country can benefit from a worsening status quo of misgovernance and can successfully resist demands for change even as incomes rise" (Kaufmann and Kray, 2003: 3).

The issue of state capture may be pertinent to countries like Fiji and PNG. The small, elite group of businessmen tends to have a degree of influence on policy making, such as protective tariffs.

Gender and Governance

The gender dimension of governance has been given importance only fairly recently. The Beijing Platform for Action (United Nations, Fourth World Conference on Women, 1995) mentions: "without the active participation of women and the incorporation of women's perspectives in all levels of decision making, the goals of equality, development and peace cannot be achieved." Given that, in general, the overall population of any country consists of 50 percent females, their active participation in decision making is very low and, in some cases, insignificant.

Panda (2004) states that unless women constitute a "critical mass" of at least one-third of those in the decision making, their presence makes little difference to the outcomes of governance. Women's active participation in governing institutions as politicians, local leaders, civil servants and within civil society is of major importance for entrenching gender equality, advancing women's concerns and deepening gender mainstreaming strategies.

Capacity building for good governance, through involvement in campaigns, media participation, and political and decision-making processes could strengthen and deepen the overall political effectiveness of individual women politicians; and, in turn, through collaboration and support, the women's movement nationally, regionally and even globally through example.

The PICs societies are very traditional, and there is widespread belief that a woman's place is in the private domain, associated with household reproductive work and femininity. The public domain, where political authority and public decision making is exercised, is in turn associated with masculinity. These beliefs have tended to hinder women's efforts to enter public life and governance in general.

4. Conclusion: Changing the Status Quo

The performance of the PICs over the last decade has been below levels when compared to other developing countries. While the PICs have experimented with economic reforms of varying levels, economic growth has still not been promising. Some researchers on PICs' economies have attributed these differences to governance practices in the region. This chapter has examined issues that may contribute to bad governance practices in the PICs.

A possible effective approach to changing the status quo is to design and enforce reforms in gradual stages so that power is slowly withdrawn from those who favour non-participatory and authoritarian regimes. Past experience has however demonstrated that institutional reforms will be resisted strongly by those benefiting from the existing arrangements. This may lead some to argue that change has to come from outside forces.

The present author believes that political and economic reform needs to be internally driven and local stakeholders need to feel ownership of the changes. This is of utmost importance for eliciting the support of society. It is interesting to note in this regard that, in the PICs, members of society are increasingly questioning the deference expected for traditional leaders' decisions. The practice by some elected political leaders to hide behind "tradition" to resist change is also being increasingly criticised. Thus, for example, one of the reasons given by some Fijian leaders for the 1987 military coup was to protect the tradition and culture of the indigenous race (Hagan, 1987).

Over the longer run, the attitudes of the Pacific community must change. Education plays a major role in this regard, as this could lead to better understanding of the costs of bad governance practices. Education will also improve the willingness of local stakeholders to participate in decision and policy making, and will render such participation more effective.

Aid-giving countries and assistance agencies can only play an indirect supporting role in all this. However, it should also be recognised that the donor community could support the status quo if it provides economic resources which help strengthen authoritarian regimes. The role of traditional authorities in governance structures is something that has to be given major consideration in the context of the effectiveness of aid for economic development.

Development assistance should only be provided in areas or to institutions which function well, are not in breach of basic human rights and promote good governance, as defined in Section 2. This approach, which may be termed "smart sanctions", is in contrast to total blanket sanctions, as the latter could further harden the countries and could also worsen the social conditions.

References

- Asian Development Bank (2004). *Governance in the Pacific: Focus for Action* 2005-2009. Manila: Asian Development Bank.
- Atkins, J., Mazzi, S., and Easter, C. (2000). "Commonwealth Vulnerability Index for Developing Countries: The Position of Small States." *Economic Paper, No. 40*. London: Commonwealth Secretariat.
- Beazley, K (2003). "The Arc of Instability," National Observer, Vol. 57 (Winter): 2-4.
- Briguglio, L. (1995). Small Island Developing States and their Economic Vulnerabilities", *World Development*, Vol. 23(9):1615-1632.
- Briguglio, L. and Galea, W. (2003). "Updating the Economic Vulnerability Indices for Developing Countries." *Occasional Papers on Islands and Small States, No. 2003-4*. Malta: Islands and Small States Institute.
- Crowards, T. (2000a). "An Index of Inherent Economic Vulnerability Index for Developing Countries," *Staff Working Paper No. 6/00*. Caribbean Development Bank.
- Crocombe, R. (2000). "Enhancing Pacific Security," Report for the Pacific Islands Forum Secretariat. Fiji: Pacific Islands Forum Secretariat.
- Care, J. C. (2002). "Off the Peg or Made to Measure: Is the Westminster System of Government Appropriate in Solomon Islands?" *Alternative Law Journal*, Vol. 27(2): 23-32.
- Ghai, Y. (1983). "The Making of the Independence Constitution." In Larmour, P. and Tarua, S. (eds) *Solomons Islands Politics*. Fiji: University of the South Pacific: 47-48.
- Fiji Daily Post (2007). "Crawford Speaks on Fiji," Fiji Daily Post, 24th February: 3
- Firth, S. (2001). "A Reflection on South Pacific Regional Security, Mid-2000 to Mid-2001," *The Journal of Pacific History*, Vol. 36(3): 277-283.
- Hagan, S. (1987). "Race, Politics and Coup in Fiji," *Bulletin of Concerned Asian Scholars*, Vol. 19(4): 2-18.
- Kaufmann, D. and Kraay, A. (2003). "Governance and Growth: Causality which way? -Evidence for the World in Brief". Available at: http://www.worldbank.org/wbi/governance/govdata/
- Kaufmann, D. (2005). "Myths and Realities of Governance and Corruption". Available at: http://www.worldbank.org/wbi/governance/govdata/.

- King, J. L. (1994). "A Judiciary-Based State Courts Administration: The South Australian Experience", *Journal of Judicial Administration*, Vol. 3(2): 133-152.
- Larmour, P. and Barchan, M. (2005). "National Integrity Systems in Small Pacific Island States", *Discussion Papers 05-9*. Australian National University: Asia Pacific School of Economics and Government.
- Mellor, T. and Jabes, J. (2004). "Governance in the Pacific: Focus for Action," *ADB Pacific Series No.100404*. Manila: Asian Development Bank.
- North, D.C.(1990). *Institutions, Institutional Change and Economic Performance*. Cambridge, MA: Cambridge University Press.
- Panda, S.M. (2004). "Gender Issues in Governance." Paper presented in the workshop on Gender and Governance at Institute of Rural Management, Anand, 15-16 December.
- Reddy, M. and Duncan, R. (2006). "Institutions and Growth in the Pacific." Paper presented at the Sixth Annual Global Development Conference, Dakar, Senegal, January 26-30, 2006.
- Ratuva, S. (2005). "Pacific Islands States Security Issues." *Briefing Paper for Forum Security Committee*. Fiji: Pacific Forum Secretariat.
- Roughan, J. (2004). "Social Unrest and Electoral Institutions in the Solomon Islands." Paper presented at Conference on Political Culture, Representation and Electoral Systems in the Pacific, USP Emalus Campus, July.
- Solomon Islands Government (2005). "Special Audit Report into the Financial Affairs of the Department of Fisheries and Marine Resources." *National Parliament Paper No. 9 of 2005*. Solomon Islands: Office of the Auditor General.
- UNDP (1997). Governance for Sustainable Development A UNDP Policy Paper. New York: UNDP. Available at: http://mirror.undp.org/magnet/policy/.

Appendix 1 Security Threat Ratings for Pacific Islands Countries

Security Variables	Rating
Internal Security Factors	
Social Issues	
HIV/AIDS	Low to Medium
Law and order	
Unemployment	
Land dispute	Low to Medium
Religious/church conflict	Low to Medium
Generation gap	Low to Medium
Drugs	
Gender inequality	Low to High
Migration	
Cultural diversity and hegemony	Low to Medium
Economic Issues Resource distribution	Low to HighMediumMediumMediumMediumLow to Medium
Political Issues Competition over state power	Low to High Low to Medium Low to High Low to High Medium to High Low to Medium
Human rights abuse	Low to Medium
Excessive coercion	Low to High

Appendix 1 (continued) Security Threat Ratings for Pacific Islands Countries

Security Variables	Rating
Internal Security Factors (continued)	
Legitimisation of extra statal violence	How to MediumHighMedium to High
Psychological Factors Media Political rumours Use of language of security Misinformation	Low to Medium
External Security Factors	
"Legal" External Factors	
Free trade	Low to High
Territorial disputes	Low
Cultural hegemony	
International diplomacy	Medium to High
International alignment	
Attitudes/perception of terrorism	
Illegal External Factors	M-12 / T2 1
Arms smuggling	
Goods smuggling	
Drug smuggling	
Money laundering	
Terrorism	e
Illegal immigration	

Source: Ratuva (2005: 25-26).

Appendix 2 Dynamics of Social Transformation and Security in the Pacific Region

Dichotomies	Dynamics
Traditional/ modernity	"New" and "old" modes of perception and practice sometimes conflict with each other and at times accommodate each other. At times they form a new synthesis as a result of interaction.
Local discourse/global discourse	Conflict, accommodation and synthesis between local notions and global process.
Subsistence/market economy	The two interact in a complex way, including creating conflict, accommodating each other or forming a new synthesis.
Traditional politics/ democracy	Both the traditional system of rule and modern democracy have been modified to suit local conditions. Tension sometimes arises from this process of modification. At times there is conflict and at times there is accommodation and at times a new synthesis is created.
Communal/ individual rights	Interaction between these have significantly shaped the way people perceive themselves in relation to each other. Sometimes there is tension and sometimes there is accommodation between them.
Men/ women's rights	This is part of the continuing tension where the notions of male domination and gender equality clash head on.
Restorative/ retributive justice	There is ongoing tension and accommodation between these. There is demand for the use of traditional means of restoring relations and also for a modern legal system.
Socio-cultural norms/institutional rules	There are often cases of tension between cultural norms and modern institutional rules. There are also cases of accommodation between the two.
Communal nationalism/ civic nationalism	There is interaction between communal identity and national identity. This may lead to conflict as well as to accommodation.
Religious/civic responsibility	This refers to the extent and limits of religion in civic life. Source: Ratuya (2005: 8)

Source: Ratuva (2005: 8)