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KAGOSHIMA UNIVERSITY
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Front: Market, Padang, Sumatra, Indonesia

(photographed by T. HIDAKA)

Institutions, Globalization and Pacific Island Economies: New Challenges

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Pacific Island countries (PICs) are undergoing fundamental economic changes as a process of global economic transformation. While these island nations have distinct cultural and social values, they are increasingly becoming part of the global economic system. The increasing availability of consumer goods, communication technology and processes of education itself affects the life styles of the people in the PICs. One of the major forces for globalization is the increasing level of free trade amongst the countries. Pacific Island nations have two major challenges with respect to globalization. The first is the adoption of appropriate economic policies to ensure that economic growth is achieved for improving the quality of life of people and the second is to ensure that environmental degradation is minimized. These challenges in some sense are universal challenges and PICs are part of those global challenges. Policy makers, NGOs, religious organizations and other civil society organizations have often argued about the appropriate model for development and different groups have different perspectives on how globalization affects the quality of life of people. Before, we consider some of the responses and how PICs could paddle through the global transformation, it is instructive to briefly lay down some of the broad economic, social, political and environmental problems facing the PICs. The PICs are however, a diverse group of countries and the problems and prospects are very different and it is not always easy to generalize. Notwithstanding, this however, some comments could usefully be made on a general basis.

Most of the PICs are characterized by low economic growth and per capita incomes. These is reflected in poor social and education facilities such as lack of access to proper education, sanitation, marketing opportunities and other infrastructure for largely rural communities.¹ Most of the PICs have narrow resource base and are vulnerable to various environmental problems. Some of these are naturally induced and others induced by human activities.² Naturally induced problems include, cyclones, droughts, earthquakes, landslides and sea level rises and coastal erosion. Human induced problems include urbanization, marine pollution and destruction biodiversity, forests and fisheries resources. Political problems include, coups in Fiji, civil and ethnic conflict in Solomon Islands and Papua New Guinea and mismanagement of state resources and political corruption in most of them.

In response to some of the economic and social problems, most of the PICs are currently undergoing fundamental economic changes. These changes are anchored in the market-oriented reforms. These include deregulation of markets, reduction of government expenditure, promotion of export and tourism, free trade policies financial deregulation and policies to attract foreign direct investment. For example, the forum island countries as a group have adopted a free trade agreement, which is designed to integrate their economies. The whole approach to economic policies is based on the neo-classical view of free-trade and

market led strategies for growth.

However, the question that has often been asked by economists concerned with poor economic performance of developing countries is why do some of them grow and others remain stagnant. I suppose we can ask the same questions with respect to the PICs. Nobel Laureate, Douglas North recently at a seminar at the IMF Institute pointed out that the institutions do matter in a country's economic performance.¹ He points out that "institutions form the incentive structure of a society and, as such, provide the underlying determinants of economic performance. Any economic prescription that fails to take institutions into account is bound to fail". In fact, the neo-classical theory assumes that institutions are given and that markets work in a frictionless economic structure. In reality, however, it is not the case. Broadly, speaking Douglas North, points out that institutions are 'the rules of the game in a society'. There are three components to institutions. First, there formal institutions and these include constitutions, and laws and regulations governing a nation. Second, there are informal institutions, which include traditions and cultural norms within a particular society and, third, are the enforcement of institutions. All the three components are vital for successful production and distribution system in a particular country.

Institutions are also important for managing environmental change, which is a major challenge for many developing countries including the PICs. The designing of appropriate incentive-compatible institutions is vital for environmental management (See North, 1990, 1994, footnote 1). For example, the issue of appropriate property rights in resources can play an important role in the management of the environment.

PICs in my view have to evaluate both their formal and informal institutions in light of the fundamental economic and political changes that are taking place through the process of globalization. First, they have to evaluate their formal rules such as the constitution and other laws that flow from it. Political instability in Fiji, Papua New Guinea, and Solomon Islands and to some extent in Vanuatu has often diverted attention and resources away from economic and social development goals. The success of the new economic policies, which requires adoption of new technologies, new investment in manufacturing and investment in hotels and other tourism related infrastructure cannot take place without an efficient law making machinery such as the police, judiciary and an effective parliament. While, most PICs have these institutions, they are not functioning well in some of the bigger countries. The civil strife in the Solomon Islands, the crime rates in Papua New Guinea and the political instability and the pending constitutional court cases in Fiji are but some of the examples of the formal rules not functioning well.

Apart from the direct impact of inefficient formal rules on foreign investment and trade, the inefficiency of the formal institutions also affects the state management of resources. There is no doubt that corruption and mismanagement of state resources are a serious problem for some of the PICs. Another issue with respect to formal institutions is the issue of property rights in resources. A lot of conflict in the PICs is related to the use and exploitation of resources. The conflict with respect to the Bougainville cooper mines, forestry exploitation in Vanuatu and Solomon Island and numerous smaller disputes

relating to tourism are quite common in the PICs. This indirectly affects business and the capacity of these countries to derive economic benefits. The issue of property rights is a complex issue and is grounded in both formal and informal rules. The biggest challenge for PICs is to ensure that the issue of property rights in land is managed properly. Most of the land in many of the PICs is communally owned. While, communal ownership in many ways has led to better management and conservation practices of resources, it is increasingly under strain as demand exploitation of the resources by the members of the communities are increasing at a rapid rate. Property rights in land for example, are a major economic and political issue and it is likely to one of the major constraints to economic development in future.⁴

There has always been an emphasis on the informal rules such as traditions and cultural practices to resolve environmental and social problems. It is also advocated by some as a response to globalization to preserve culture and traditions. However, PICs not only have to 'act locally and think globally' but they also have to 'think locally and act globally'. The new economic imperatives require that PICs act globally through adopting new technologies and expanding their exports and attracting tourism. Therefore, the institutions, both formal and informal will have to undergo changes. In many respects, this is already happening as people are increasingly being connected to the global economic forces. However, PICs will also need to strengthen institutions both formal and informal so that there are tangible outcomes. In this, respect the third component of institutions, that is, enforcement is vital. PICs have problems of enforcing appropriate formal institutions even though they exist in these countries. This is a serious problem in many of them. Laws and regulations are only meaningful if they are implemented efficiently. In addition, informal rules, that is, traditions and cultural norms are also being flouted and it is breaking down in many of the countries. Therefore, PICs have to strengthen both their formal and informal institutions and where they conflict with each other, it should be efficiently resolved. PICs are part of the global political and economic processes and therefore they have to adopt institutions that conform to universal principles such as human rights and democracy and good environmental practices. This will allow them to create a national identity, which is not only founded on some traditional and cultural values but also founded on some universal principles. In the long-run, the ability of PICs to benefit from the global processes will depend to a large extent on the kind of blending that takes place between formal and informal institutions.

¹ See Duncan, R., Cuthbertson, S. and Bosworth, M. (1999) Pursuing Economic Reform in the Pacific, Pacific Studies Series No.18, Asian Development Bank: Manila.

² See United Nations (2000) "Integrating Environmental Considerations into Economic Policy Making: Institutional Issues", Development Papers No.21, UN : New York.

³ There are number of number of articles on the role of institutions in economic performance by Douglas North. For further reference see for example North, D. (2002) "Institutions Are Crucial to Economic Growth", The IMF Institute Courier, Vol. 4, pp. 1-5, North, D.C. (1994) "Constraints on Institutional Innovation: Transactions costs, incentive compatibility, and historical considerations", in Ruttan, V.W.

(ed) Agriculture, Environment and Health: Sustainable Development in the 21st Century, University of Minnesota Press: Minneapolis., North, D.C. (1993)"Institutions and Economic Performance", in Maki, U., Gustafsson, B and Knudsen, C. (eds) Rationality, Institutions and Economic Methodology, London: Routledge., North, D.C. (1990) Institutions, Institutional Change and Economic Performance, Cambridge: Cambridge University Press., North, D.C. (1981) Structure and Change in Economic History, New York: Cambridge University Press., North, D.C. (1991) "Institutions", Journal of Economic Perspectives", Vol. 5, pp. 97-112., North, D.C. (1986) "The New Institutional Economics" , Journal of Institutional and Theoretical Economics, No. 1, pp.142.

⁴ See for example, Prasad, B.C. and Tisdell, C. (1996) Getting Property Rights 'right', Land Tenure in Fiji, Pacific Economic Bulletin, Vol.1, pp.31-46, on the issue of institutions and property rights in Fiji.

Research Seminars

Symposium

Culture in Amami

23 February 2002

Organizer and the Chair: Sueo KUWAHARA

(Faculty of Law, Economics and the Humanities, Kagoshima University)

The Cultural Climate of Tokunoshima

Hiroyuki SUZUKI

(Faculty of Law and Letters, Ryukyu University)

Religion in Amami

Aki TOKUMARU

(Faculty of Law, Economics and the Humanities, Kagoshima University)

Architecture in Amami

Mitsuyoshi TSUCHIDA

(Faculty of Engineering, Kagoshima University)

Commentator: Chiaki TABATA

(Faculty of Education and Welfare Science, Oita University)

Forum

Volcanic activity in Japan

Open lecture, 9 November 2002

1. History of volcanic activity

K. KOBAYASHI

(Faculty of Science, Kagoshima University)

2. Volcanic plumes observed by satellite

K. KINOSHITA

(Faculty of Education, Kagoshima University)

3. Eruption and gas from a volcano in Miyake Island

K. HAYAKAZE

(National Institute of Advanced Industrial Science and Technology)

4. Volcanic gas

T. UCHIDA

(Research Institute for Applied Mechanics, Kyushu University)

Symposium, 10 November 2002

1. Volcanic activity in Iou Island

H. SHINOHARA

(National Institute of Advanced Industrial Science and Technology)

2. Volcanic activity and the observation of volcanic heat in the Satsunan Islands

M. IGUCHI

(Disaster Prevention Research Institute, Kyoto University)

3. Monitoring volcanic activity in South Pacific

A. TUPPER

(Faculty of Education, Kagoshima University)

And others.

Forum

Institutions in the Making: An Interdisciplinary Study on Social Life and Economy of the Philippine Local

21 December 2002

1. Politics of Budget: Institutions and Process of State Resources Distribution

Takeshi KAWANAKA

(Institute of Developing Economies)

2. Die Cutting Industry and Kinship Networks in Metro Manila

Itaru NAGASAKA

(Niigata University of International and Information Studies)

3. Active Listener: Media-Saturated World and Social Institution

Makito KAWADA

(Chukyo University)

4. Mindanao under the Rule of American Colonial Period and "Moro" Muslim

Nobutaka SUZUKI

(Institute of History and Anthropology, University of Tsukuba)

5. Making of Rural Lives: Recurrence of Poverty and Potential Development

Satoru NISHIMURA

(Faculty of Law, Economics and the Humanities, Kagoshima University)

Research Seminar No.28

28 January 2002

Dengue Fever

Kouichi MORITA

(Institute of Tropical Medicine, Nagasaki University)

Research Seminar No.29

26 March 2002

My Academic Life Which Has Been Charmed by a Danish Lady

Kazutaka NAKANO

(Research Center for the Pacific Islands, Kagoshima University)

At a seminar on agricultural geography which I attended when I was a graduate student in biology, well over thirty years ago, our professor forced us to read through a rather slender book which had just been written by a Danish lady, Ester Boserup. This seminal work, published in 1965, was at first admired by only a few scholars in addition to our professor. In the 1970s, however, a growing number of archaeologists, anthropologists, and geographers including me became very enthusiastic supporters of the model proposed by Boserup. She has also become well known as one of the eminent pioneer scholars on the role of the feminine gender for agricultural production.

The origins of her model could be partially traced to Engels' comment rebutting Malthus' theory and, offering a more optimistic perspective on population growth. The reason her model amazed and charmed me was that she posited the highest labor productivity of swidden agriculture in comparison with any other type of cultivated production except for modern agriculture to which a huge quantity of subsidiary energy is applied. This view was and still is completely contrary to commonsense. Immediately after I passed the final examination for my doctoral degree in 1972, I directed my academic activities at determining whether this starting hypothesis of her model can be confirmed in actual cases. In the coming seminar on the 26th of March, 2002, I will talk about this path which my academic career followed.

Research Seminar No.30

27 May 2002

Species diversity of subtropical tree in Nansei Islands

Yasuhiro KUBOTA

(Faculty of Education, Kagoshima University)

Research Seminar No.31

10 June 2002

Brittany, France

Hidetoshi YANAGAWA

(Faculty of Law, Economics and the Humanities, Kagoshima University)

Research Seminar No.32

15 June 2002

Special Seminar: Social Homeostasis of Small Islands in an Island-Zone

3rd-year-reports by the project members

Research Seminar No.33

29 July 2002

Ethnobotanical Study on Zingiberaceae in Indonesia

Soedarsono RISWAN

(Visiting Researcher, Research Center for the Pacific Islands, Kagoshima University)

Plants have usually played an important role in the economic, industrial and cultural life of people throughout the world. Indonesia as the biggest tropical forest country in Indo-Malayan region or the 2nd biggest in the world after Brazil is very rich not only in its biological diversity, but also in the diversity of its ethnic groups. Zingiberaceae is a very important plant family in Indonesia, since it had long cultural life, i.e. with Javanese tribe as traditional medicines, and also had an economic value. From taxonomic point of view, this family is also an interesting family, due to the fact that it is a complex and big family, and that it has a pan tropical distribution. The revision of Malaysian Zingiberaceae is still in progress and not yet finished.

Based on the field and literature studies, the traditional uses and the geographical distribution of genera and species of Zingiberaceae in Indonesia will be discussed in this lecture. The results show that 60 species belonging to 11 genera have been used for many purposes and particularly used as medicinal plants, spices and condiments. The most economic genera are Curcuma, Zingiber, Amomum, Etlingera and Alpinia. The review studies of Zingiberaceae in Indonesia found that the total number of genera and species of Zingiberaceae is 20 and 386 respectively. The three biggest genera with total number of species are Alpinia (92), Amomum (66) and Riedelia (62).

Research Seminar No.34

30 September 2002

A shuttle callus system of citrus

Tetsushi HIDAKA

(Research Center for the Pacific Islands, Kagoshima University)

'A shuttle callus system', in which embryogenic callus obtained from embryos or embryoids of citrus can produce embryoids, and the embryoids in turn can produce embryogenic callus reciprocally, will be discussed. Embryogenic callus could also be obtained from anther culture-derived embryoids. Viable protoplasts could be produced easily from embryogenic callus, and used in somatic hybridization and genetic transformation

Research Seminar No.35

28 October 2002

Life history of Habu snake in Amami Islands

Korebumi MINAKAMI

(Faculty of Medicine, Kagoshima University)

Two species of *Trimeresurus* inhabit in the Amami Islands. Both *Trimeresurus flavoviridis* (Habu) and *Trimeresurus okinavensis* (himehabu) inhabit in Amami Oshima and Tokunoshima. There is only Habu in Kakeroma Island, Yoro Island, Uke Island and Edateku Island. Any *Trimeresurus* does not inhabit in Kikai Island, Okierabu Island and Yoron Island. The distributional pattern of both *Trimeresurus* is very specific.

Habu is the most biggest venomous snake in the Amami Islands. The longest Habu caught by men was 2.41 m long and 1.35 kg of body weight. The most longest *Trimeresurus okinavensis* was only 74 cm long. Although Habu behaves offensive, Himehabu do well, there is few biting cases and there was no cases of death due to himehabu-biting.

The examination of the stomach contents of Habu appeared that the food of Habu occupied by mice (67.9%), reptiles (14.3%), birds (13.4%) and amphibians (3.6%). The feeding habit of Himehabu is scarcely known.

The sex ratio of a catch of Habu was 7 : 3 (male: female) in the Amami Islands, although the ratio of hatched Habu was 1 : 1. We could not explain why these were different. The mating season of Habu is late in March to late in May. Oviposition of Habu was observed on July to August in Amami. Oviposition of Himehabu was observed on August to September in Amami. Juvenile Habu hatched on the 41th to 44th day after an oviposition. Juvenile Himehabu hatched on the 1st to 3rd day after an oviposition. The body length of adult female is 120 cm in Habu and 45 cm in Himehabu. Minakami found the annual rings in the vertebral centrum of Habu and Himehabu. This discovery was confirmed by the statistical analysis and the vital staining. Now, we can estimate the age of reptiles and amphibians by the annual rings. By using the Walford's graphic method, The life-span was estimated as 10 years old in male and 7years old in female.

Habu venom has various physiological activities.

Research Seminar No.36

20 January, 2003

Economic Problems and Prospects of the Fiji Islands

Biman PRASAD

(Visiting Researcher, Research Center for the Pacific Islands, Kagoshima University)

(University of the Pacific Islands)

Fiji has undergone significant political problems since 1987 and its economic performance over the last decade has been very poor. Fiji radically changed its economic policies after the military coups of 1987 and embraced market-led reforms. As part of these programs, it moved towards deregulation of the economy and adopted export-oriented growth policies. Since 1987, more emphasis has been placed on expanding the urban-based manufacturing sector. As part of this attempt, numerous incentives packages such as tax holidays have been provided to potential investors. For example, the garment industry grew significantly because of these tax concessions and forms a significant portion of the manufacturing sector. While the fundamentals were improving, the political problems because of the attempted coup in 2000 once again thwarted the growth potential of the economy. While Fiji has recovered from the political instability of 2000, significant structural problems remain in the economy. While the contribution of the agricultural sector to the GDP has declined significantly, that of the manufacturing sector has only increased slightly since 1990. The current growth in the economy is led by tourism, but other significant sectors such as the sugar industry and the manufacturing sector are not doing well. Furthermore, the level of investment is low, equivalent to about 10 percent of the GDP. Export growth has been poor, while other problems such as rising levels of government debt are a cause for concern. The poor economic performance has contributed to increasing levels of poverty and unemployment and urbanization in the last decade. The seminar provides an update on Fiji's current economic problems and prospects and suggests some policy recommendations for the future. First, Fiji needs to attract more private sector investment and second, it has to address the fundamental problem of political instability and adopt more efficient institutions to support the economic growth potential of the economy.

Research Seminar No.37

17 February 2003

The Dwellings for Deities

Mitsuyoshi TSUCHIDA

(Faculty of Engineering, Kagoshima University)

The dwelling for the deity is called the Main Shrine. There exist various kinds of main shrines. In the Grand Shrine of Ise, one of the most famous shrines is there. Two pillars are placed directly in the ground

to support the ridge beam and one room is formed for the deity in the main shrine. In the main sanctuary of Sumiyoshi Shrine, two rooms are formed by the front space and the rear space, while in that of Usa Shrine, three rooms are formed by continually connected Naiin and Gein. Famous for its large scale, Izumo Shrine has one center pillar in the main shrine and four rooms are formed around it.

Once the form of the main shrine was established, as the dwelling for the divine, the form was inherited and no changes were made to it thereafter. Among those shrines, Usa Hachiman Shrine has three rooms within the main shrine and the factors of its formation will be discussed here. The main shrine consist of three spaces. The space under the front roof is called Gein while the space under the rear roof is called Naiin. These two spaces are connected by the space of gutter (Toi no Ma). A pillow filled with straw matting is placed in Naiin to represent the body of deity and a chair is placed in Gein. It is possible for us to imagine that the deity comes out to the Gein during the day and goes into the Naiin to have a rest at night. Here, I would like to ask you to make a judgment on whether this imagination is right or wrong.

Conference

Japanese Association of Tropical Medicine (Kyushu Branch)

26-27 January 2002

Recent Publications

South Pacific Study, Vol.23 No.1 (2002)

Soedarsono RISWAN and Harini SANGAT-ROEMANTYO: Jamu as Traditional Medicine in Java, Indonesia

Motoo KITANO, Masao HIRANO, Takashi ISHIHARA, Aichi YOSHIDA, Shosaku HATTORI, Naoko UEDA, Takahito CHIJIWA and Motonori OHNO: Skeletal muscle necrosis in rat induced by Trimeresurus flavoviridis venom can be prevented by its serum proteins

Occasional Papers No. 36 (December 2002)

Health and Medical Issues in Island Areas (Edited by Shinichi NODA)

Occasional Papers No. 37 (February 2003)

Reserarching Eruption Clouds of Volcanic Island Chains (Edited by Kisei KINOSHITA)

Occasional Papers No. 38 (February 2003)

The Progress Report of the 2000 and 2001 Survey of the Research Project "Social Homeostasis of Small Islands in an Island-zone" (Edited by Shinichi NODA)

KAGOSHIMA UNIVERSITY RESEARCH CENTER FOR THE PACIFIC ISLANDS

APPOINTMENT AVAILABLE

VISITING RESEARCHER

The Research Center is engaged in interdisciplinary research activities concerning tropical Oceania and surrounding regions, and the staff carried out comprehensive studies under the common research subject, “Social Homeostasis of Small Islands in an Island-Zone”. The Center will host one Visiting Researcher with a distinguished record of publications on some aspect of regional studies of above-stated areas. Once selected, the candidate will be appointed as a Visiting Professor or Associate Professor and take office for 6months to one year.

The candidate should undertake, during the term of their appointment, collaborative research with the staff concerning one of the following themes:

- Terrestrial environments,
- Organisms and resources in marine environments,
- Conditions of health, and
- History and/or culture studies.

As a rule, the applicant should hold a Ph.D. or M.D.

An appointee can be granted a salary and research express equivalent to a corresponding staff member of Kagoshima University and round-trip travelling expenses as well as the right to use an office, equipment, library, and other facilities and services.

Detailed inquiries are always welcome and should be addressed to following:

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