

Pacific Island Economies

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Chapter 1

What Is An Economy?

An economy is made up of buyers and sellers. In fact, when you buy a Local Motion t-shirt, or a pizza, or a ticket to the movies, you are a buyer and therefore you are part of Hawai'i's economy.

The Local Motion store that sells you the t-shirt is also part of Hawai'i's economy. The store uses your money to rent the store space, hire employees, pay for merchandise, utilities, and other expenses.

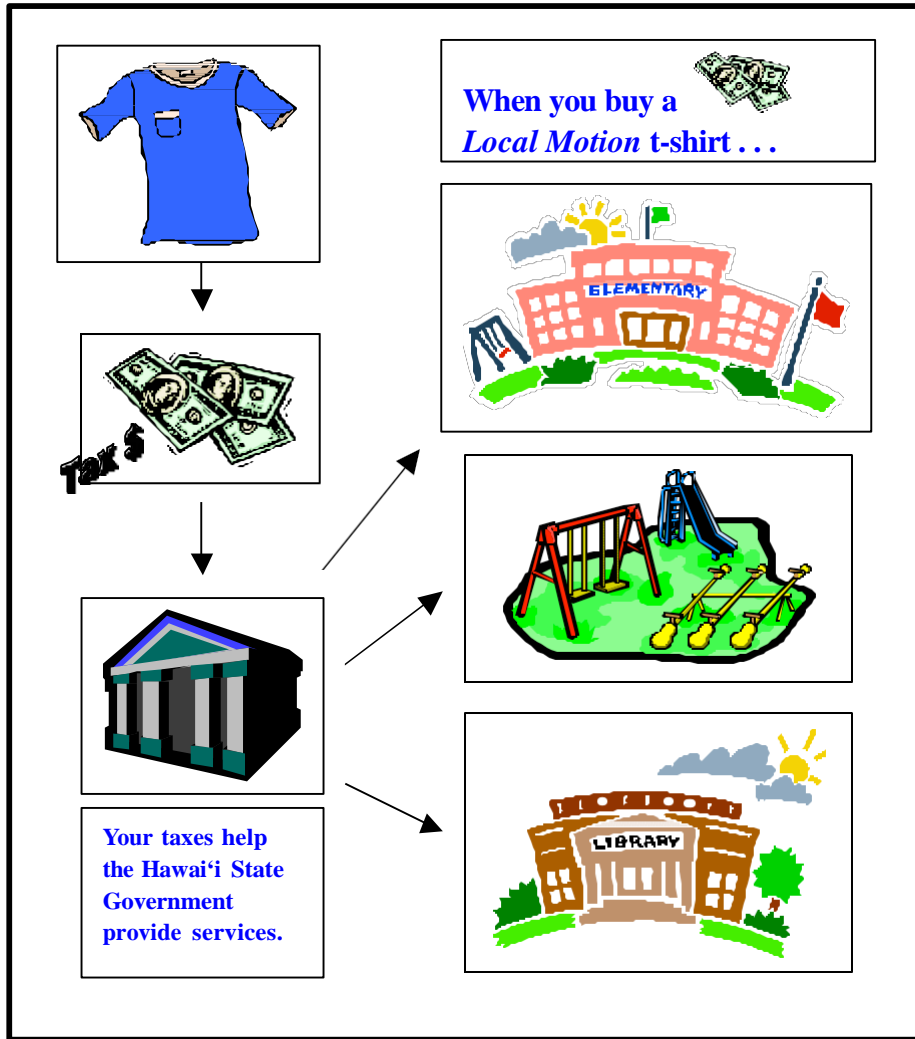
The store employees spend their wages on groceries, cars, clothes, movies, and other things they want. They too are part of Hawai'i's economy.

Also, when you buy the t-shirt, you pay a sales tax to the state government, which uses that money to hire your teachers, buy textbooks, maintain parks and libraries, and provide other public services. Thus, our state government is also part of Hawai'i's economy.

Together, you (and other individual buyers like you), businesses, and our state and county governments make up Hawai'i's economy.

People who do not live in Hawai'i are also part of Hawai'i's economy. For example, when tourists spend money, they too contribute to Hawai'i's economy. The United States government spends money to hire workers to deliver our mail and run our Post Offices and to maintain our military bases like Pearl Harbor, Hickam Air Force Base, and Fort Shafter. The United States government is also part of Hawai'i's economy.

In this learning unit, we study the economies of the Pacific Island Countries (PICs). While we also study Hawai'i's economy for purpose of comparison, the center of attention will be the Pacific Island economies outside Hawai'i.



When you spend your money on a Local Motion t-shirt, the money that you pay in state taxes helps Hawai'i provide services to the public. Public schools, playgrounds, and libraries are just a few of the services provided by Hawai'i to its residents.

Chapter 2

How Big Are Pacific Island Economies?

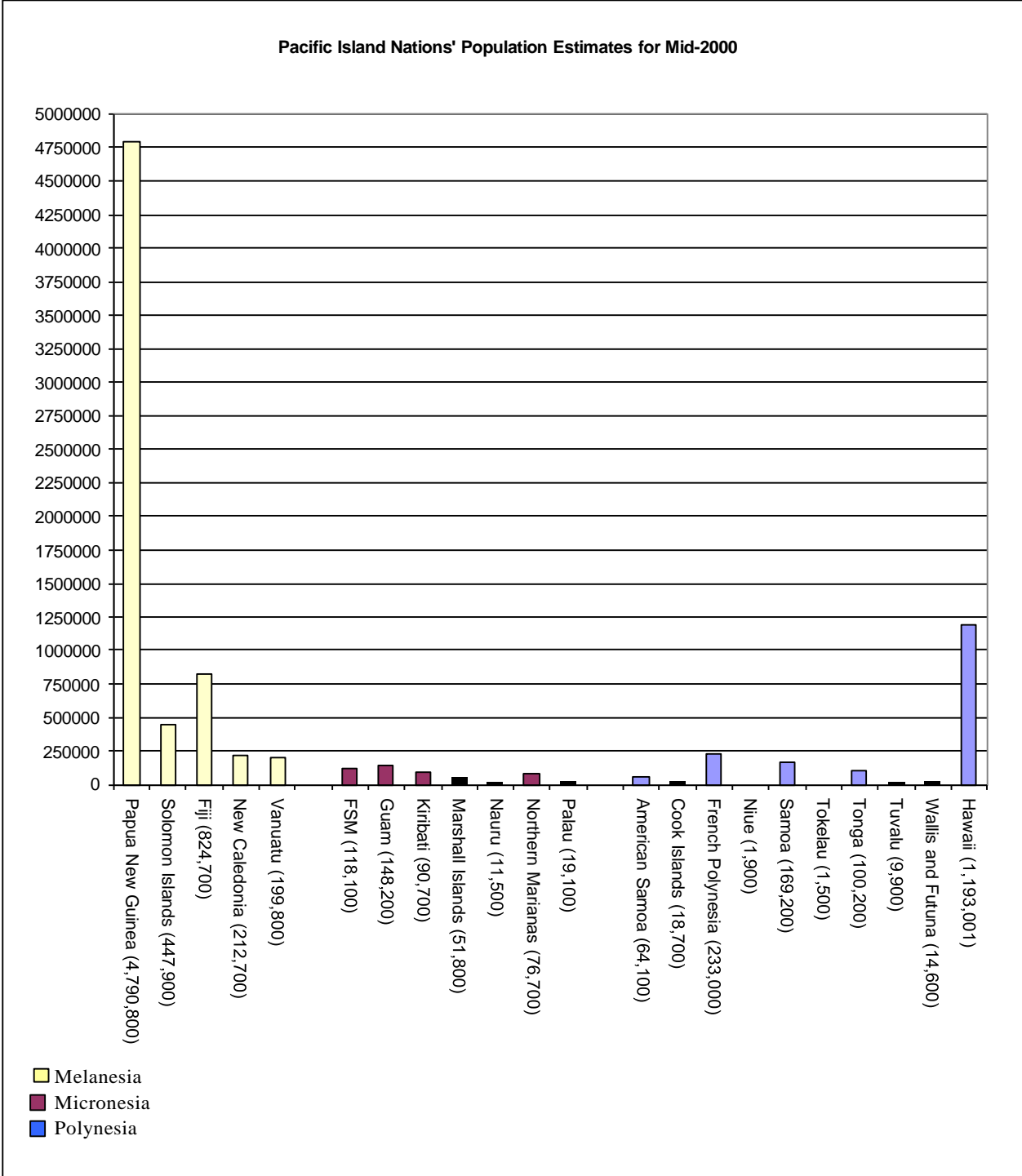
If you were asked, “How big is Hawai‘i compared to the other Pacific Island states?” what information would you use to compare their relative size? Some people use population as a measure of size.

According the US Census Bureau, about 1.3 million people live in Hawai‘i. By comparison, according to the Secretariat of the Pacific Community (see <http://www.spc.int/sdp/>), the country with the largest population in the Pacific, Papua New Guinea (PNG), has about 5 million people. Niue has fewer than 2,000 people. Except for Papua New Guinea, Hawai‘i, is larger than all the other Pacific island countries if we use population as a measure of relative size.

Some people use land area as a measure of size. Using this information, Hawai‘i has nearly 6,400 square miles of land area. By comparison, Papua New Guinea has more than 179,000 square miles. Nauru has only 8 square miles. The uninhabited Hawaiian island of Kaho‘olawe is five times the size of Nauru.

When it comes to comparing the size of countries’ economies, people who study economies use the total amount of goods and services produced (and sold) in an economy as a measure of its size.

If Hawai‘i’s economy produces more t-shirts, houses, and other things than Guam’s economy, then Hawai‘i has a bigger economy.



Source: Secretariat of the Pacific Community. (Figures from 10/30/2000)

Gross Domestic Product (GDP)

One figure that economists use to compare the size of different economies is called the **gross domestic product**, or **GDP**. **Gross domestic product** is simply the money value of the total amount of goods and services produced in an economy in one year.

Hawai'i's gross domestic product was approximately \$35 billion dollars in 1998. That represents a lot of goods and services we produced in Hawai'i in that year. Hawai'i's GDP is much larger than the GDP of all the other Pacific island economies combined. In other words, Hawai'i may not have the largest land area or the largest population, but it has, by far, the largest economy among Pacific island economies.

If Hawai'i is left out, Papua New Guinea has the largest economy among Pacific island countries, with a GDP of nearly \$5 billion. Tuvalu has a GDP of less than \$4 million. Overall, Pacific island countries generally produce few goods and thus have small economies when compared to the world's other nations.

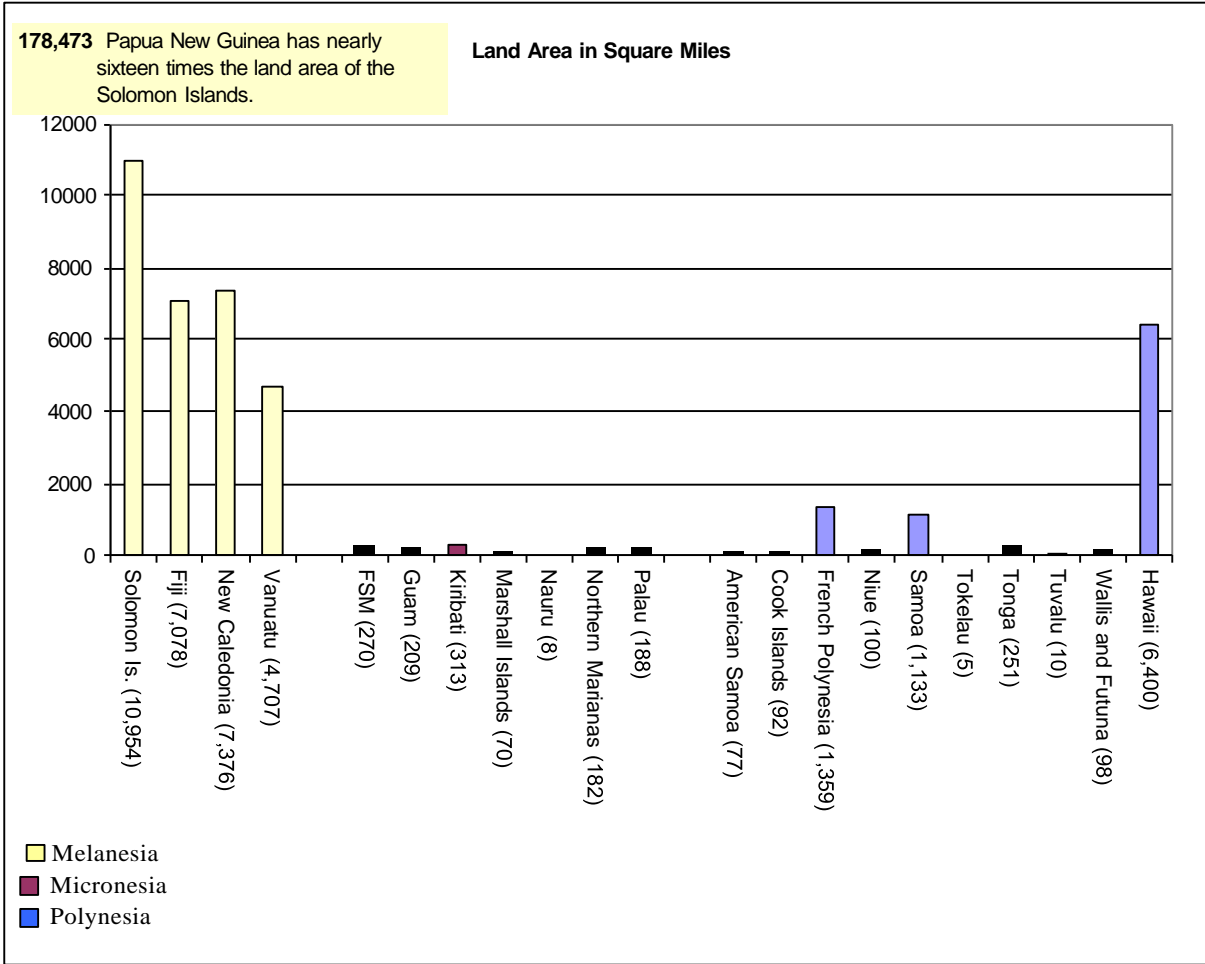
Gross Domestic Product Per Person

Another important economic figure is the **gross domestic product per person** or, **GDP per person**. It is simply the amount of goods and services produced for each person in the economy. It is calculated by dividing gross domestic product by the total population of the country.

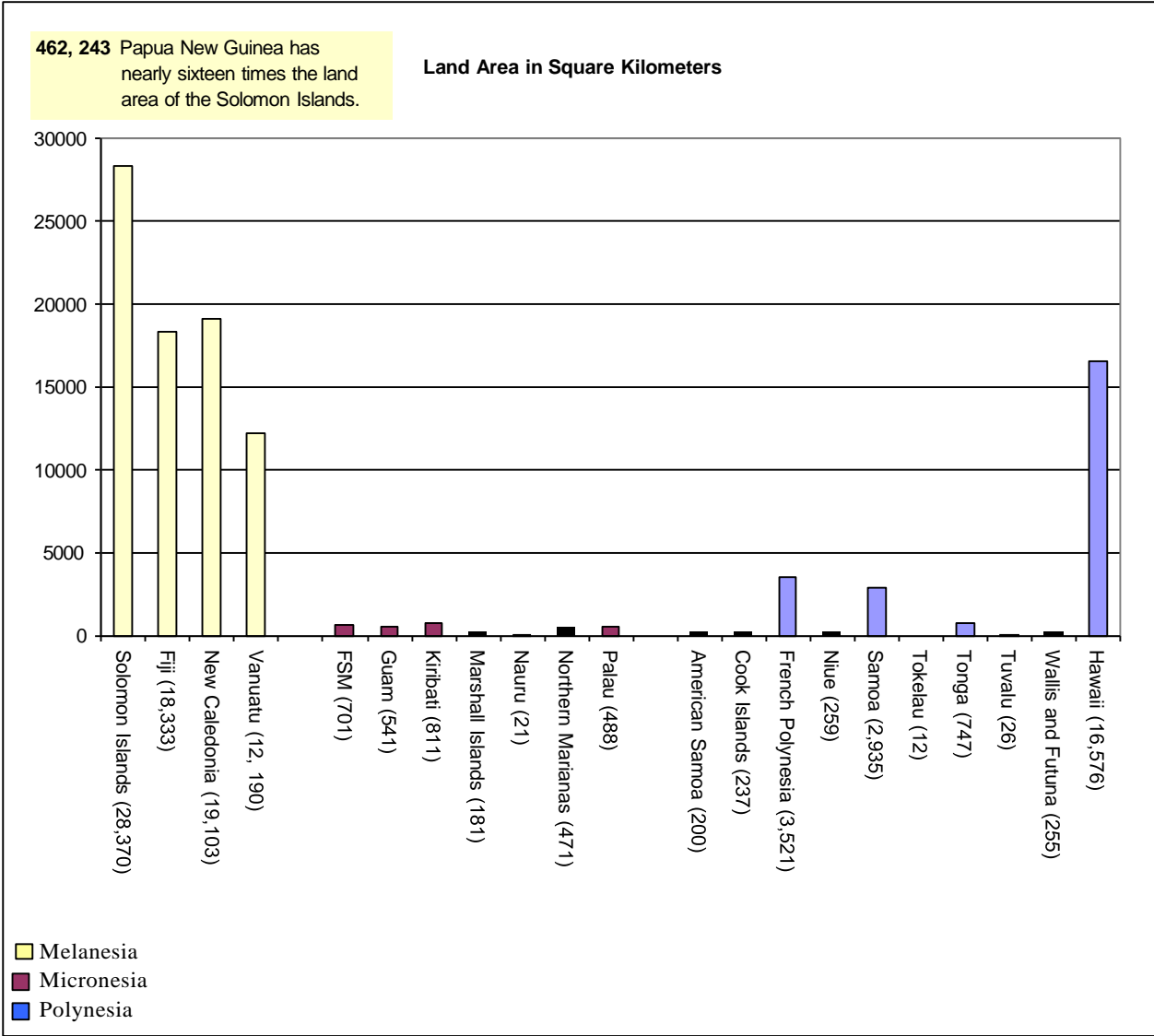
In 1998, GDP per person was nearly \$29,000 in Hawai'i. This is calculated by dividing Hawai'i's \$35 billion GDP in 1998 by the 1.2 million people living in Hawai'i in that year. In other words, Hawai'i's economy produced an average of \$29,000 worth of goods and services that year for every man, woman, and child living in Hawai'i.

Hawai'i's GDP per person is far larger than that in other Pacific island economies. In some Pacific island countries GDP per person is just a few hundred dollars per person per year.

Economists use the information on GDP per person to compare how well people live in different countries. Since people would rather have more goods and services than less, people generally live better if an economy produces more goods and services per person than if it produced less.



Source: *Selected Pacific Economies: A Statistical Summary*. No. 14. Noumea, New Caledonia 1998, p. 9



Source: *Selected Pacific Economies: A Statistical Summary*. No. 14. Noumea, New Caledonia 1998, p. 9

Chapter 3

Subsistence in the Pacific

Compared to most Americans, Pacific Island peoples have access to far fewer goods and services. But they are not poor compared to people who live in parts of Africa or Asia or even the United States.

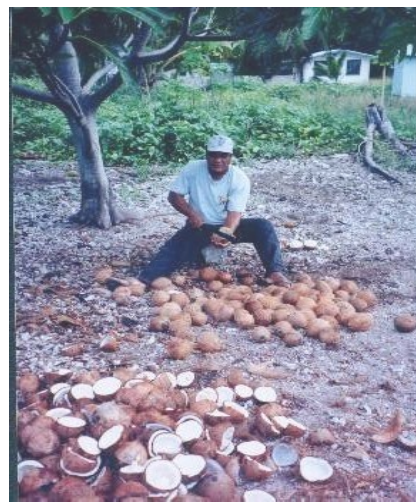
Many Americans are truly poor because they have no place to live or enough to eat. In the Pacific Island Countries there is limited poverty because many people can still depend on a subsistence lifestyle.

Subsistence is when you produce items that you need for yourself.

In the Pacific, many people subsist by fishing, raising pigs, and growing their own food like bananas, taro, breadfruit, and coconuts. They can make tools, utensils, clothing, and homes from available native materials like wood, shell, stone, bone, banana fibers, coconut palms, and pandanas leaves.



This young girl helps her family prepare breadfruit by removing the skin with a cowrie-shell scraper. (Wotje Atoll, Marshall Islands)



Making copra, dried coconut meat, is hard work that requires many steps. After the coconuts are gathered and then husked, they must be split open and left to dry in the sun. (Wotje Atoll, Marshall Islands)

One government official from Niue said that “There's no such thing as ‘unemployment’ in Niue. A Niuean can ‘go bush’ or ‘can go sea’ to survive.” Going “bush” means farming a small garden. A person with a garden trades the products with a fisher for fish.

Subsistence is still an important way of livelihood in many Pacific Island countries even as more and more people, especially those living in urban centers, are working for private businesses and governments for wages that enable them to buy the food, clothing, and housing that they need.

In Tuvalu, nearly three out of four people of working age are in subsistence or fishing activities. In Fiji, two out of five people are engaged in subsistence activities. The subsistence lifestyle has virtually disappeared in highly developed Pacific Island economies like Hawai‘i and Guam. Highly developed economies are defined as economies with high GDP per person.



The Marshall Islands Capitol building reflects life in an urban center.



A fisherman catches small fish from this lagoon in the Marshall Islands.



Chapter 4

What Are “Economic Resources”?

Hawai‘i is famous for its delicious chocolate-covered macadamia nuts. Imagine what it takes to make those chocolates. Most important, you need macadamia nuts. Most of the macadamia nuts that go into the chocolates are grown in Hawai‘i. To grow these nuts you need land and the right climate for the macadamia trees. You will not find those trees growing in Alaska or Michigan.

You also need workers to plant, care for, and harvest the nuts. The workers need machinery to help them harvest and shell the nuts. In addition to the nuts, you need chocolate, machinery to make the chocolate candies, boxes for the chocolates, and cellophane to wrap the boxes. Most of those ingredients have to be shipped into Hawai‘i. Of course, you also need a chocolate factory and workers. To produce our famous macadamia chocolates, we need to have **resources**.

Resources are the land, the workers, the machinery, the right growing environment for the nuts, and supplies; in other words, all the necessary ingredients to make a box of chocolate-covered macadamia nuts.

Since the most important ingredient is the macadamia nut, which is grown right here in Hawai‘i, we produce the candies right here. We make high quality macadamia chocolates at a reasonable cost, even if we have to pay shipping costs to bring in boxes, cellophane paper, and chocolate.

The story would be different if we were to consider the production of automobiles. Hawai‘i does not have the resources to produce steel, glass, paint, plastics, and other things used in the manufacture of cars. It would be too expensive to produce automobiles in Hawai‘i if we had to bring in all the required resources and then ship the cars out again to customers on the mainland and elsewhere. That is why we in Hawai‘i buy cars from Michigan, Japan, Germany, and other places more suited to car manufacturing.

People from Japan, Germany, and Michigan come to Hawai‘i to vacation because we have better beaches and climate, resources that are important in tropical vacations.

It is now easy to understand that the kinds of resources an economy has are important in determining what are most likely to be produced. In Hawai‘i our resources are best used to produce chocolate-covered macadamia nuts and tropical vacations.

In Michigan, the resources there enable it best to produce cars; Oregon produces lumber from its abundant forestry resources (Hawai‘i also gets a lot of trees each year from Oregon); Idaho is famous for potatoes, Florida for oranges, Washington for apples, Colorado for skiing, and so forth.

Among the Pacific Island countries, there are big differences in the economic resources available to produce the goods and services that make up their gross domestic product.

The countries that are blessed with the most abundant resources are the larger, high-island countries in the Western Pacific: Papua New Guinea, the Solomon Islands, Fiji, and New Caledonia. These countries have agricultural and forestry resources, fisheries, minerals, and tourist attractions. New Caledonia has

the world's third largest nickel deposit. Papua New Guinea has copper and gold deposits as well as oil and gas. Fiji produces large quantities of raw sugar from sugar cane and is also one of the most popular tourist destinations in the South Pacific. It also has some gold deposits. Solomon Islands produces logs and fish products (frozen, canned, and smoked), in addition to small amounts of gold and palm oil. Though tiny, Nauru is one of the richest countries in the Pacific due to phosphate mining; phosphate is used in making agricultural fertilizers.

The main resources of the remaining countries are the sea and the resources of the sea. What are some of the marine resources that you can think of?



Majuro Atoll, Republic of the Marshall Islands

Chapter 5

Marine Resources

The amount of ocean the Pacific island countries control is very large compared to their small land mass. In addition to the nearshore lagoons and reefs, international law allows Pacific Island countries the exclusive control of economic resources in the ocean lying within 200 miles of their land. This huge area of the ocean--called the **Exclusive Economic Zone**-- is nearly six times their total land mass. Within these deep waters, fisheries resources are abundant, especially the valuable migratory tuna.

The Pacific has nearly 90 percent of the world's commercially catchable fish stocks and 70 percent of the world's tuna. So the next time you eat a tuna sandwich, it was most likely made from tuna caught and even canned in the Pacific.

Since the skilled labor needed to catch tuna in open ocean and the money to build ships and canneries are scarce in the Pacific Islands, fishing in the deep ocean and fish processing and canning are mainly done by large foreign fishing companies from countries such as Japan and the United States.

Pacific Island countries receive money from some nations in exchange for permission to enable their fishing fleets to fish in the waters of Pacific exclusive economic zones. Some fishing fleets fish illegally. It is very difficult for Pacific Island countries to patrol the huge Pacific Ocean to catch illegal fishing boats.

Other valuable products from the sea include pearls to make jewelry and Trochus shells to make high quality buttons. In the future, undersea mining may also be possible.



Chapter 6
Land Resources

Except for Papua New Guinea, Pacific Island countries have small amounts of land. Some countries are only a few square miles. The amount of land suitable to grow food crops is much smaller. Thus, differences in land resources are great among Pacific Island countries. While Fiji can raise cattle and grow a sizable range of crops, including sugar, coconuts, rice, cassava, and kava, the tiny atoll communities can grow little, due to lack of topsoil, exposure to salt-laden winds, and lack of fresh water. Copra, a product of the coconut used to make coconut oil, is the main cash crop in many Pacific atoll communities and in other islands as well.



Sokehs Rock, Pohnpei, Federated States of Micronesia



Ujelang Atoll, Republic of the Marshall Islands

HIGH ISLANDS

Coconuts/Copra
Forestry
Fisheries
Minerals

Agriculture
Cassava
Cattle
Tourism

LOW ISLANDS

Coconuts/Copra
Fisheries
Tourism

Coconut trees are found in many Hawai'i parks and yards. Here we pay people to cut down the coconuts and throw them away before they can fall and hurt people or damage property. In the Pacific, the coconut is the most useful plant and a very valuable economic resource with many uses.

Some Uses of the Coconut Tree



Roots: medicine, fertilizer

Trunk: furniture, construction, simple bridges

Bark: (cloth-like material near leaves) strainer, rag, clothing, sandals

Blossom: tapped for *tuba*, a beverage made from sap, which can be either sweet, alcoholic, vinegar, or syrup

Nut stems: decoration, firewood, fertilizer

Baby Nut: eaten, used as a toy

Immature Nut:

husk: fiber rope, mosquito smoker, toilet paper, fertilizer, and firewood

shell: eaten (if young enough)

meat: eaten (is very soft), make soup

water: drink

Mature Nut:

husk: same as for immature nut, plus carving decoration, cork for bottle stopper

shell: cup, scraper, various spoons and utensils, decoration, bra, firewood

meat: make copra (cash crop), make cooking sauce, eaten, candy, soap, coconut oil

water: can be drunk

Sprouting Nut:

husk and shell: same as above.

meat: eaten, but thinner and drier

spongy center: eaten as candy

Leaf:

mid-rib (stem): paddle, stirring utensils, rollers under a canoe

ribs (veins): toothpicks, brooms

individual leaf: decoration, folded into a spoon, magic, body squeegee

whole frond: woven into thatch, mats, baskets, hats, fans.

Heart: eaten (removing the heart kills the tree)

Source: Reilly Ridgell, *Pacific Nations and Territories*, fourth edition (Honolulu: Bess Press, 2006), p. 44.

The next time you see people throwing away coconuts, you might want to take a few home. Leave them out to dry until just before Christmas. Then you can write addresses and holiday messages on the coconuts and mail them (unwrapped!) at the local post office to a friend on the mainland. In this way, you have turned trash into a valuable economic product: an exotic, combination holiday card and present for a mainland friend.



Who Owns the Land in the Pacific

An unusual feature of Pacific Islands land resources is who owns the land. In Hawai'i, land is mostly owned by private individuals and businesses. A person who owns a piece of land can sell it to anyone. That is not the way it is in most of the Pacific Islands, where land is a scarce resource.

Most of the land in the Pacific is owned by community groups such as a village, and not by individuals. Community groups also make the rules for its use. A businessperson who wants to build a hotel on land owned by a village must negotiate with the entire village for the right to build a hotel on the community's land. Getting everyone in the village to agree to allow the businessman to build a hotel on their land may not be easy.

Furthermore, Pacific Island countries (Hawai‘i and Guam are the exceptions) have laws that do not allow non-native people (foreigners) to buy land in their countries. For example, if you and your family moved to Saipan in the Northern Mariana Islands, you could not buy a piece of land on which to build a house. Your parents could not buy a piece of land to start a business. Because you are non-native, you are permitted only to lease (rent) the land and not own it. Your parents can buy a house, but can only rent the land on which the house sits.

One result of not allowing land to be sold to non-natives is that land in the Pacific Islands is still largely owned by the native people. Hawai‘i is an exception; Native Hawaiians own very little of the land in Hawai‘i today.

As Pacific Island countries become more popular as international tourist destinations and their economies grow, the demand for land in the Pacific has grown. As a result, land has become an increasingly valuable resource. Many want to own their own piece of land rather than share it with large groups of people. More land in the Pacific is becoming individually owned. If this practice becomes widespread, it could bring big economic and social changes to Pacific Island societies, as some people would own and have exclusive use of a piece of land while others would have none.

In subsistence communities and in more highly developed economies, land is an important part of the economy. It provides food, living space, and other resources; if people do not own land they must pay money to those who do own land.

Chapter 7

Managing Economic Resources

Renewable and Non-Renewable Resources

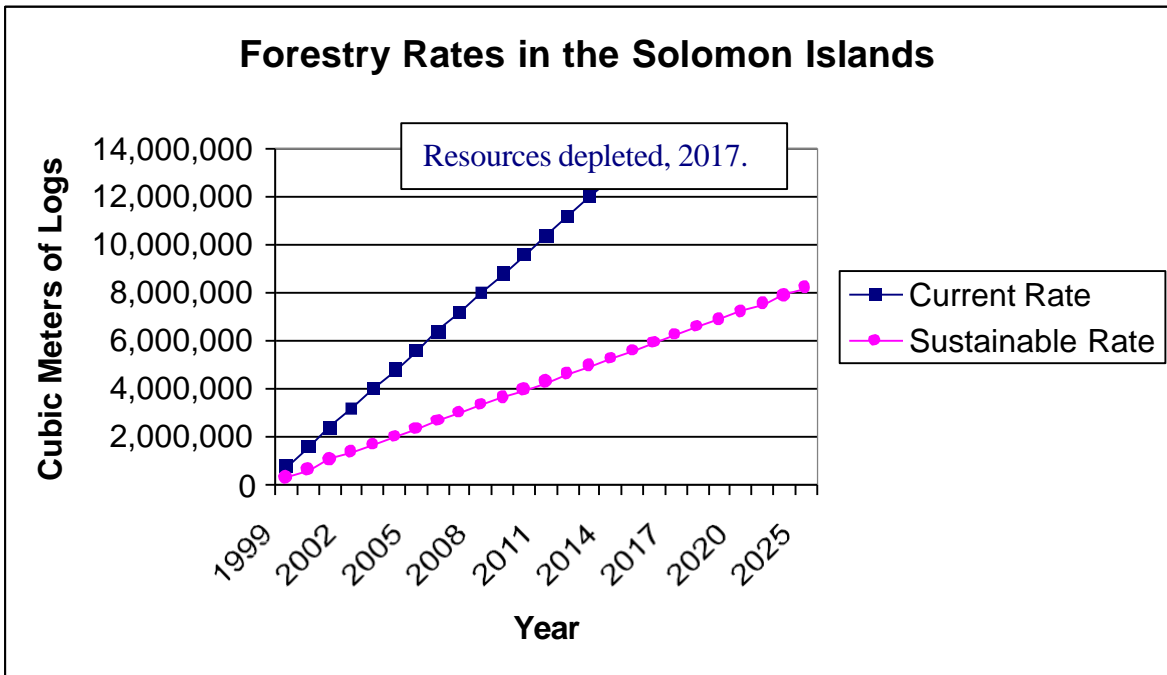
Economists describe resources such as gold, copper, nickel, and phosphate as **non-renewable resources**. In other words they become depleted and cannot be replaced. Once you remove them from the ground, they are gone. Indeed, Nauru's phosphate reserves are expected to be gone in a few years, and the people there will have to find another way to make a living other than from mining.

Even though forestry and fishery resources are **renewable resources** because they can be replenished, they can also be over harvested. If you cut too many trees to harvest logs before you can replace the trees, soon you will be unable to produce any logs. Also, if you catch too many fish from the ocean before they have an opportunity to reproduce themselves, soon you find that there are fewer fish to be caught.

An important economic decision facing people in those countries is whether to harvest as many logs and fish they can. If they do, their children and grandchildren might have nothing left to harvest. Alternatively, they can harvest more slowly today so their children and grandchildren will also have logs and fish to harvest.

In Solomon Islands, the government presently allows 800,000 cubic meters of logs to be cut each year from the country's forests. At this rate of harvest, the country's forest resources will be depleted in about 15 years because there is not enough time for new trees to grow to replace the ones that have been cut.

A **sustainable rate** of harvest that will enable continuous and steady production of logs in the future is around 325,000 cubic meters per year.



In the lagoons and reefs of the Pacific Islands, over harvesting of fisheries resources is common because of rapid population growth in several countries. Mangrove crabs in Pohnpei State (Federated States of Micronesia) are a popular delicacy. Because they are delicious, they would disappear quickly if limits were not placed on their harvesting. The government does not allow mangrove crabs to be exported. If you ever visit Pohnpei, you might be able to eat mangrove crabs there, but you cannot buy Pohnpeian mangrove crabs in the supermarkets in Hawai'i.

In the Pacific, people are beginning to talk about the need to practice behavior that results in **sustainable** use of their valuable economic resources.



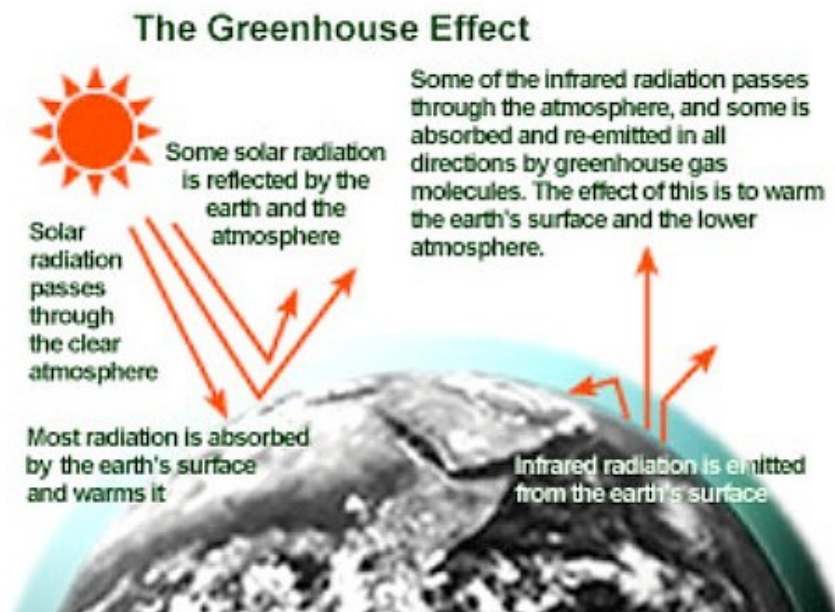
Global Warming

Governments of Pacific Island countries can do little themselves to protect their countries and economic resources from the effects of **global warming**.

Global warming is when the earth's temperature rises.

When people drive their cars or burn oil, gas, and coal to generate power to run industries and businesses, they generate carbon dioxide gases, often called "greenhouse gases," that envelop the earth.

The earth then becomes a greenhouse. When the heat of the sun hits the earth, the greenhouse gases slow the escape of the heat from the earth, trapping the warm air beneath the atmosphere.



Source: <http://www.epa.gov>.

The rising earth temperature melts the ice caps at the North and South Poles causing the earth's oceans to rise. Some scientists believe that by the year 2050, the sea level could be one meter, or approximately three feet, higher than in 1980.

Global warming is expected to have important effects on the world's food production, as agriculture is sensitive to weather and temperature changes. Some areas of the world will have more rain; some less. Rising temperatures could also change marine life in the oceans, an important source of food for Pacific Island countries. Pacific Islanders get about 60 percent of their protein from marine animals.

For some Pacific Island countries, there is a more direct concern. As the Pacific Ocean rises, the coastal areas of islands will be submerged under water. People living on atolls barely a few feet above the ocean will become homeless as parts of their islands are submerged or washed away. With so little land and fragile resources, the Pacific Island countries are especially at risk of becoming environmentally and economically harmed by the high-income, industrialized countries that produce most of the greenhouse gases. Pacific Island countries need co-operation from these rich countries to limit the emission of these gases into the atmosphere.



Chapter 8

Human Resources

People are important resources because they produce goods and services, and one resource that is not scarce in the Pacific Island countries is people. The populations in some Pacific Island countries grow quite rapidly because birthrates are high, that is, families have many children: more than twice the rate of the United States and other industrialized countries. Tonga, Cook Islands, and Sāmoa have slower population growth only because many of their people have moved to foreign countries like Australia, New Zealand, and the United States. The number of people in Niue and Tokelau has actually declined due to **emigration**. **Emigration** occurs when people move out of their own countries to live in other countries.

In Hawai‘i, the population growth is due to immigration, not a high birthrate, like other Pacific islands. Rapid population growth means that the Pacific Island countries have a high proportion of young people. In most Pacific Island countries, about 4 out of every 10 people are children under the age of 15. By comparison, only about 2 out of 10 people in Hawai‘i are children under the age of 15.

Both the very young and the very old depend upon middle-aged people to support them because they are unable to support themselves. Countries with larger populations of children require one person of working age to support many non-working family members, especially young children and the elderly. Money earned in these economies does not go as far as money received by workers who have fewer people on whom to spend their wages. Also, with so many children, the cost of raising and educating them is very high, and growing rapidly.

Unlike in Hawai‘i and the rest of the United States, children in most Pacific Island countries are not required to remain in school until they reach the age of 16 or 18.

In Fiji, one of the most developed countries in the Pacific with relatively high GDP per person, elementary school is free but not required. Beginning at age 6, more than 9 out of 10 elementary age students go to school. High school is not free. Only half of the 16-year-old Fijian youths are still in school at that age.

In Kiribati, only 3 out of 10 students who finish elementary school go on to secondary school, and only half of those complete their education. Schools are expensive and competitive and not available for everyone.

In countries where the youth population is rising rapidly and many leave school early, the governments face a difficult economic challenge to keep more of the youth in school longer as well as to find jobs for those who finish school.

Labor is not a scarce resource in most Pacific Island countries, but educated and highly trained workers are scarce. In many Pacific Island countries, many of the jobs requiring higher skills are filled by foreign workers even though large numbers of young people cannot find wage-earning jobs.

Unlike most Pacific Island countries, Saipan, in the Northern Mariana Islands, has had a scarcity of workers. Saipan has brought in large numbers of foreign workers to work in its tourist and clothing-manufacturing industries. Today, there are more foreign workers in Saipan than **domestic** workers.



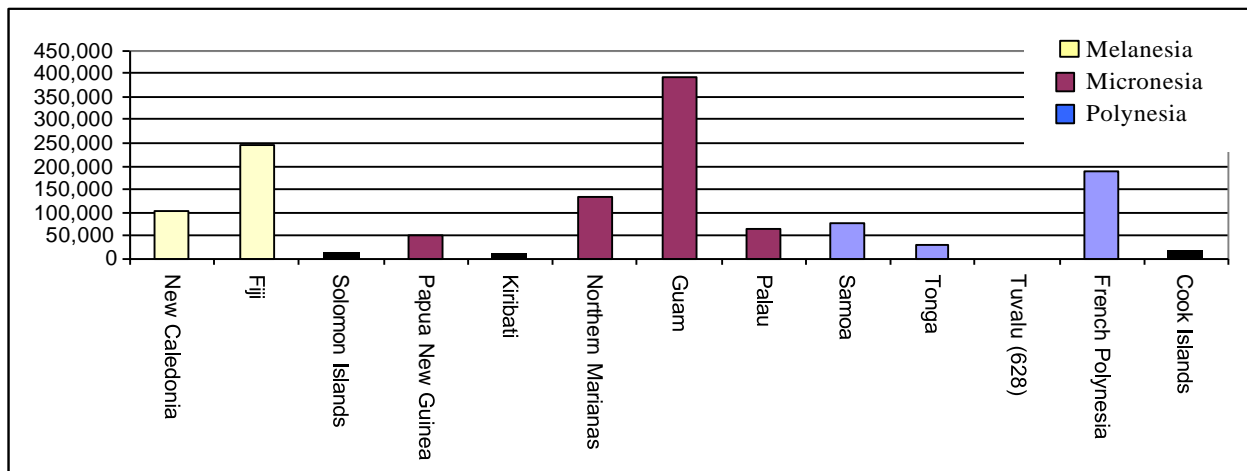
Chapter 9

Tourism Resources

If their land resources are generally poor, some Pacific Island countries have excellent resources for **tourism**. **Tourism** is an activity in which people travel primarily for sightseeing and fun. Hollywood movies have portrayed Pacific Island countries as tropical paradises with excellent beaches, a warm climate, beautiful oceans, and few modern world cares and problems.

Tourism is still a relatively new industry in the Pacific. Widely scattered over the vast Pacific Ocean, these small islands are difficult places to reach except by air travel. Airfares to these countries are expensive, and transportation connections are often not very good, so few tourists can get there. The countries with lots of tourists are French Polynesia (Tahiti), New Caledonia, Guam, the Northern Mariana Islands (Saipan), and Fiji. Even so, the number of tourists visiting those destinations is small compared to the 6,743,140 tourists who come to Hawai'i each year!

Number of Tourist Arrivals in Pacific Destinations: 1998

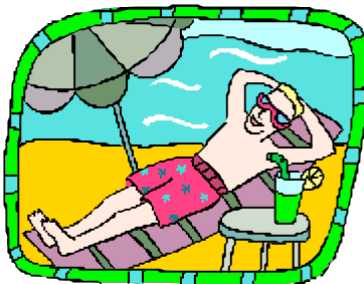


6,743,140 tourists come to Hawaii each year (18 times the number to Guam).

Source: World Tourism Organization, *Barometer of Travel and Tourism*. (Madrid, February, 1999)

Tourism is considered a desirable industry by many Pacific Island governments because it is a growing industry around the world. As people's incomes rise everywhere in the world, more and more people can afford, and want, to travel overseas on vacations. In the Pacific, where the population of working age is growing very rapidly but jobs are not, tourism creates wage-paying jobs for young people who would otherwise have little to do once they leave school. Unable to find jobs at home, many Islanders have migrated to foreign countries like the United States, Australia, and New Zealand to work. While the money they send home is welcomed, families are broken up and the people who are left behind are largely the very young and the elderly. The tourist industry offers jobs that could keep many Islanders at home.

Some people in the Pacific are not enthusiastic supporters of the tourist industry. They fear that tourists could help to spread AIDS in their countries, increase crime, raise the prices of things local people buy, and destroy their traditional cultures. Thus, tourism can be both good and bad for Pacific Island countries.



Chapter 10

Imports and Exports

Like people all over the world, people who live in the Pacific Island countries would like to buy more things than the few products that they themselves produce. They want to eat rice and canned foods, wear Western clothing, drive cars, watch television, and have modern conveniences like piped water, sewage and garbage disposal, paved roads, electricity in their homes, modern medicines and medical care, school books and supplies, and many other things. These goods, or the machinery, equipment, and supplies to produce them, have to be purchased from the United States, Japan, Australia, and other countries. Items that countries buy from abroad are called **imports**.

Most of the money that Pacific Islanders spend is used to buy **imports** of automobiles; fuel for cooking, electricity generation, and transportation; food items like rice, canned fish, and soda pop; and machinery and other manufactured goods. Pacific Island countries spend a lot of money on fuel imports because most have no fossil fuel, such as gasoline, diesel, or kerosene. However, they do have plenty of sunshine and the ocean to produce energy.

To pay for their imports, Pacific Islanders sell some of their products abroad to earn money. Items that countries sell abroad are called **exports**. Since they have so little to sell (a few primary products, such as fish and copra; handicrafts, such as mats, baskets, and hats; and tourism, namely their beaches and ocean environment), and they want to buy so much from abroad, they have to find other sources of money to pay for their imports. This is especially important when the prices they receive for most of the primary products they sell abroad are falling.

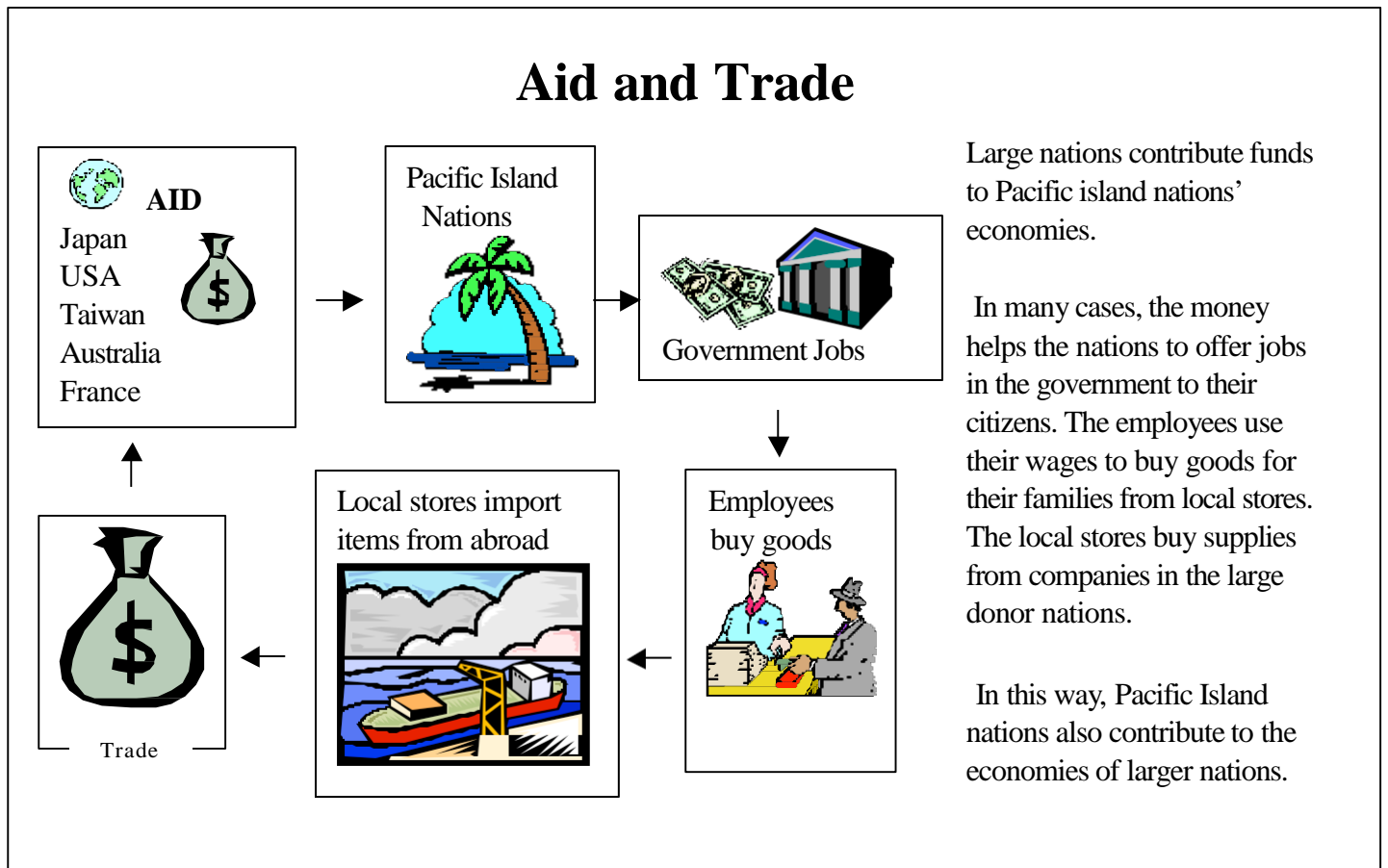
Where does this additional money come from? Kiribati and Tuvalu have schools that train sailors to work on foreign ships, and the sailors bring their wages back to their country's economy. Tuvalu also sends people to work in Nauru's phosphate mines.

For Sāmoa, the Cook Islands, and other nations, an important source of money is money that their citizens who live abroad send home to relatives each year. Money sent home is called a **remittance**. For example, more than 150,000 Pacific islanders live in the United States today, many of them in Hawai'i. They send nearly \$70 million each year to their relatives back home, with Samoans and Tongans receiving the largest amounts. American churches and private charitable organizations also send goods and large sums of money each year to Pacific Island countries.

Many Pacific Island governments also receive large sums of money from foreign governments such as Japan, Australia, France, and the United States. This money not only pays for imports but also hires large numbers of local people to work in government offices and government-owned businesses. In a few countries like Tuvalu, Niue, and the Cook Islands, the government is the biggest employer, providing more than half of the wage-earning jobs. Governments in most Pacific Island countries play much larger roles as buyers and sellers in their economies than governments in the United States and Hawai'i. Thus, governments make up a bigger part of the Pacific Island economies.

Palau's (Belau's) government has an unusual way to get money to pay for the cost of its prisons. It requires inmates to pay part of the cost of feeding and

caring for them in jail. Inmates make money for their upkeep by carving beautiful storyboards to sell to tourists. Local legends and stories are carved into these wooden boards. You can see samples of Palauan storyboards at the Bishop Museum.



In summary, with generally few economic resources, Pacific Island countries produce few things. Most of what they produce are **primary products**, which are goods from agriculture, fishing, forestry, and mining.

Pacific Island countries produce few manufactured goods; most of what is manufactured, like bakery goods, for example, are produced by small businesses and sold locally. Large and economically important manufacturing activities for export include tuna canning in American Sāmoa and Solomon Islands and clothing manufacturing in Fiji and in the Commonwealth of the Northern Mariana Islands.

Pacific Islands contain many types of land, as well as marine and human resources. While they may have fewer resources than other nations, they also find ways of sharing these limited natural resources to improve life in their communities.

Glossary

Domestic: Of, or pertaining to, the services, products, resources, labor, etc. inside a particular nation.

Economic resources: The land, the workers, the machinery, equipment, buildings, and other ingredients used in production.

Emigration: When people leave their own countries to live in other countries.

Exclusive Economic Zone (EEZ): The area of the ocean within 200 miles of land, in which the resources are reserved exclusively for the use and control of the land's inhabitants.

Exports: Goods and services sold outside one's country.

Global warming: The rise in the Earth's temperature due to pollution caused by the burning of oil, gas, and coal.

Gross domestic product (GDP): The value of goods and services produced in an economy in one year. It is used to measure the size of an economy.

Gross domestic product per person: The value of goods and services produced in an economy per person. It is used to compare how well people live in different countries. It is also used to compare how well people in one country live in one year and earlier or later years.

Imports: Goods and services purchased from other countries.

Non-renewable resources: Economic resources, such as gold, copper, nickel and phosphates, which cannot be replaced once they are taken out of the ground.

Primary products: Goods produced from agriculture, fishing, mining, and forestry.

Remittances: Money sent home by family members abroad.

Renewable resources: Economic resources, such as trees and fish, which can be replaced after they are harvested.

Subsistence: A way of living in which people produce items that they need for themselves, such as food, clothing, and shelter.

Sustainable rate of harvest: The use of resources in a way that allows for their replacement and will not diminish the amount of resources for future use.

Tourism: An activity in which people travel primarily for sightseeing and fun.

Appendix

Other resources:

I Had A Dollar in Hawai'i. By Jodi Endicott, illustrated by Hans Loffel. Palila Books. (Age 5–8)

Movies:

Ocean of Dreams, Currents of Change. Series produced in 1989 by Juniper Films.

In this ten-part series, viewers are shown the dazzling diversity of cultures and traditions of the South Pacific islands. Presented are ten island nations: Tuvalu, Fiji, Kiribati, Western Sāmoa, Papua New Guinea, Vanuatu, Solomon Islands, Niue, Cook Islands, and Tonga. These 26-minute films depict the way the people of these islands see modernization influencing their world. All except *Tuvalu* are available in the Hawai'i State Public Library System.

Producing Black Pearls

This 22-minute film describes the farming of black pearls in the South Pacific and offers tips on maximizing the size and quality of cultured pearls. Produced in 1997 by Michael Ogden and Anne Bailey for the Pacific Aquaculture Development Program, University of Hawai'i at Mānoa Sea Grant.

Rising Waters: Global Warming and the Fate of the Pacific Islands

Tracing the impacts of climate change from the tropical Pacific to the island of Manhattan, this 57-minute film examines international policies and the lives of those most urgently affected by the global warming debate. See <http://www.itvs.org/risingwaters/> for more details.

Web sites:

Pacific Island News

Pacific Island Report <http://pidp.eastwestcenter.org/pireport/>

Environmental Problems

Global Warming <http://epa.gov/climatechange/index.html>

Climate Change <http://www.sprep.org/factsheets/climate/index.htm>

General

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<http://www.hawaii.edu/cpis>