

The traditional economy as the source of resilience in Melanesia

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Preliminary results of a survey undertaken by Oxfam Australia on the social impact of the global economic crisis on families in Vanuatu found that this impact has been negligible. The biggest impact reported by families was in fact from the global food crisis of late 2007 and 2008, which has affected in particular urban families more reliant on imported rice and flour for daily sustenance, and rising transport costs resulting from the global fuel crisis of 2008. Generally, however, the current “global economic crisis” has had little impact in Vanuatu compared to the massive social impacts it has had in more industrialised countries. One of the principle reasons for this is the very low level of integration of the great majority of our population into the cash economy. The classification of Vanuatu as a “Least Developed Country” (or LDC) by the United Nations is based on the fact that the great majority of the population use only a very small amount of cash in their lives, and have correspondingly negligible amounts of debt. This is a characteristic we share with our two immediate neighbours, Papua New Guinea and the Solomon Islands. These three countries are among the last places in the world where the “subsistence economy” - which I prefer to call the “traditional economy” - still outweighs the cash economy in terms of providing livelihoods for the population. As I will explain in this presentation, this traditional economy is the source of resilience for our populations, which has allowed them to weather the vagaries of the global economy over past decades. My comments on Vanuatu in this presentation can be extrapolated to both Papua New Guinea and the Solomon Islands, and to a lesser extent some of the other Pacific Island countries.

So what is the ‘traditional economy’?

At the most basic level, the ‘economy’ refers to how a society organises itself to sustain its members - how it manages and shares the resources it has between them, how it feeds, clothes and accommodates them, and how it instils in its members the values required in order to keep the society going. The traditional economy, then, refers to the way in which our indigenous Pacific societies are organised to look after the concerns and resources of their members, in counterpoint to the way the “capitalist” or “cash” economy organises itself to look after the concerns and resources of its members.

The traditional economy is the main economy in Vanuatu

The objective reality of Vanuatu today is that the traditional economy is by far the most important and predominant economy in the country. Far more people participate in the traditional economy, and to a significantly greater extent, than they do in the cash economy.

In Vanuatu today, the great majority of people (roughly 80%), live in rural areas. Almost all of this 80% of the population:

- live in settlements or villages with other members of their traditional extended families, on land that is theirs under the rules of custom;

- satisfy most of their food and other requirements using traditional methods and forms of land, sea and resource utilization (eg, gardening practices), on their customary land and sea areas;
- speak their indigenous language;
- are governed by traditional leaders, that is, chiefs and chiefs councils;
- have their disputes resolved within communities by traditional leaders using traditional restorative dispute-resolution approaches; and
- have participated in traditional life-cycle ceremonies which cement their place as members of their community.

In addition, a large proportion of the other roughly 20% of the population living in urban areas also participate in and rely on the traditional economy to a significant degree, utilizing kinship networks to access food and other resources and to provide manual labour, child care and aged care, and dealing with their disputes in the traditional way.

While today even the most isolated rural dweller needs cash to pay for tea, sugar, kerosene, metal implements, boat, ship or truck transport, and school fees – and in the last year, mobile phone credits - the participation of the great majority of people in the traditional economy is far more important and pervasive than their involvement with the cash economy. It is true to say, in fact, that the traditional economy constitutes the political, economic and social foundation of contemporary Vanuatu society.

The benefits of the traditional economy

There are many important benefits that Vanuatu gains from the strength of its traditional economy. One of the most important is that everyone has access to land on which to make gardens for food, from which to access materials to make homes and from which to otherwise make a living. The traditional concept of the right to use land which is not your own to make food gardens and access resources means that individuals or families who do not have access to their own customary land (or enough of it) to meet their needs can be given the right to use other families' land, with "rent" or "use rights" being paid for using the products of the land.

Another important benefit of the traditional economy is its excellent sustainable management of the natural environment. The main contributing factor to the New Economics Foundation's declaration of Vanuatu as the "happiest country in the world" in 2006 was (to quote from the report) our "extremely rich natural capita, with unspoilt coastlines and unique rainforests". This rich natural capita has been achieved through thousands of years of excellent resource management traditions and practices by our ancestors, traditions that are still practiced today.

Another important characteristic of the traditional economy which provides many social benefits is that establishing, maintaining and mending relationships between groups (be they families, clans or larger communities such as villages, language groups or even islands) is the most desired outcome of any ceremonial activity undertaken.

The concrete benefits of the traditional economy, then, are that:

- there is more than enough food for everyone in the country, and we enjoy a food security that only comes with growing your own food on your own land;
- the traditional diet that uses food from the gardens is organic, safe, healthy and

nutritious;

- there is no homelessness in Vanuatu, a boast (as far as I know from my travels around the world) that only us, the Solomon Islands and Papua New Guinea can make (the three countries, as I have stated earlier, in which the traditional economy is probably the strongest);
- there is a broad-based sense of a shared identity, “community” and “belongingness” among the large extended family groups that make up the basic building block of Vanuatu society, which results in a high level of social security for all family members.

The “Economic opportunities fact finding mission” sponsored by NZAID and AusAID in 2006 had the advantage - compared to earlier economic studies - of being undertaken after the concept of the traditional economy was becoming widely known locally. Accordingly, its report recognised that, and I quote, “many of the functions of modern growth – well-being, stability, equity, social cohesion and sustainable livelihoods for an expanded population - are also well provided for through Vanuatu’s strong and deeply held customary values including its custom economy”, and stated that efforts to promote this economy “should be supported”. More importantly, the report stated that

[Vanuatu’s] most understated productive-sector is the massive response within its traditional (island) economy to a rapidly growing population. ... Although growth of Vanuatu’s GDP has not been spectacular, it’s traditional, largely non-monetarised, rural economy has successfully supported a 90% increase in the rural population in the 26 years since independence (from about 95,000 in 1980 to an estimated 180,000 now) (Bazeley, P. and B. Mullen, “Vanuatu: Economic Opportunities Fact-finding Mission”, UK and Australia, 2006).

If we extend this analogy to Papua New Guinea and the Solomon Islands, we can see that some of the highest population growth rates in the world in recent decades have been absorbed not by any corresponding economic growth in the standard sense – in fact growth in GDP has been mostly very poor – but by a corresponding expansion of the traditional economy to absorb this increased population. Furthermore, in times of political crisis when the cash economy virtually ground to a halt, as in Bougainville during the blockade or the Solomon Islands during the ethnic tension, the traditional economy was able to continue to feed and house people effectively sidelined from the global economy – there was no famine as one might expect, although the increase in deaths from infectious diseases and in infant mortality in Bougainville is instructive of the limits of the traditional economy.

To many ni-Vanuatu, the “global economic crisis” is something they may have heard about on Radio Australia’s Pacific service or on the national radio, but which fails to impact upon their day-to-day lives - in contrast, for example, to the “global food crisis”, which had many complaining about the price of rice, which has become a local status food. This is primarily because the traditional economy provides them with a sustained level of food and social security unrelated to the global economy, and only marginally related to the national economy as measured in conventional GDP terms, which in turn means that most have no need to enter in any substantial way into the cash economy, let alone the world of credit and financial institutions (which is the source of the global economic crisis). What, then, is the lesson of this in terms of building resilience or “weathering the global economic storm”, which is the title of this

session? The lesson is, I believe, that we must make deliberate efforts to maintain the traditional economy where it exists in the Pacific and ensure that it remains as our buffer in the uncertain global economy into the future.

Allow me to make some recommendations in this regard.

Recommendation 1: Recognise the traditional economy in policy

Most importantly, policy-makers at all levels must begin to do more to recognize the reality and the promise of the traditional economy. All too often in our national development plans and charters, and in our regional and international prescriptions for development in Melanesia, there is little or no mention of the traditional economy and the predominant role it plays in providing sustainable livelihoods and many of the sustainable development outcomes we say we wish to achieve. More regrettably, many policies and activities that are implemented in the name of development directly displace and erode this traditional economy. In terms of achieving many of the catchword markers of well-being in development-speak: “equity”, “environmental sustainability”, “food security”, “social security”, “good governance” and “social stability”, the traditional economy already provides an excellent foundation upon which they can be achieved. In terms of coping with the needs of a much higher population - which is one of our greatest national challenges - the traditional economy has also proved its capacity to do this – not only in the recent decades of high population growth but also historically. It would seem obvious, therefore, and “efficient” in terms of allocating and using resources and capacities already at hand as a basis for development, to focus on strengthening the traditional economy so that it can continue to satisfy most needs of the majority while also finding ways to develop its application to satisfying other non-traditional basic needs (in particular, access to health and education services). A lesson we can learn from successful business is to stick to and enhance what you know and do best – your natural or comparative advantage. It would also seem obvious that, whilst pursuing an increased GDP, we need to take all possible steps to prevent this pursuit from undermining the traditional economy. Governments need to prioritise the putting in place of safeguards to prevent activities to grow the cash economy negatively impacting upon the traditional economy - that is, to adopt a “precautionary” approach to development through such means as proper and broad-based planning, genuine community consultations, thorough impact assessments, and so on.

Recommendation 2: “Count” the traditional economy

A principal reason why the traditional economy does not feature in our current economic policies is that we are not measuring or quantifying the contribution of the traditional economy to national well-being. Unfortunately, the only measure of national well-being that seems to matter to many policy-makers these days is that of Gross Domestic Product (GDP) per capita – a crude measure of only the cash value of activities or production. Obviously, this measure of well being does not reflect the many tangible social and economic benefits delivered by the traditional economy, but which do not have a cash value. The lack of recognition of the traditional economy in most policy is directly related to the lack of any measures we have for valuing it – it proves the truism that what we cannot measure, we cannot value.

In 2008, the Melanesian Spearhead Group at its Leader’s Summit in Vanuatu endorsed a pilot project to develop alternative indicators of well-being for the Melanesian context that are able to take into account and measure the substantial

traditional economy and its contribution to quality of life. The pilot project will draw on experience from around the world, including that of the Government of Bhutan (which now used Gross National Happiness rather than GDP), the New Economics Foundation (authors of the Happy Planet Index), the United Nations Development Program's "Human Development Report" and UNESCO's "cultural indicators". Once these indicators have been developed, Vanuatu has been tasked to undertake to pilot their use, with a view to assessing how they will contribute to national GDP figures, initially, and to policies in the longer term. We place much faith in this initiative to provide us with a tool to factor the traditional economy into policy making.

Recommendation 3: Make food security a primary focus of development efforts

Climate change is making food security – and water security – the issues of our time. As the global food crisis demonstrated, over-dependence on imported staple foods can turn climatic or market phenomena on one side of the world into political and social crises on the other. Most people in Vanuatu already enjoy a high level of food security. Extending the food security provided by the traditional economy to our urban populations is a key measure that needs to be implemented to achieve food security across the board, as well as greater distribution of cash into rural areas. The greater processing of our traditional staple foods – such as bananas, taro, yams, cassava and sweet potato – is a key strategy to provide urban families with access to these staples and to get them to demand more, thus boosting rural production. Another key strategy being promoted by the Department of Agriculture in Vanuatu to ensure food security for both producers and consumers alike is the "Three Garden" policy: asking family farmers to always apportion agricultural production into three parts: one for the market, one to fulfil customary obligations and one for the consumption of the family. The development of infrastructure to bring food produce to urban markets, the development of urban gardens and the fortifying of traditional staple crops through cross-breeding are also key strategies. Of particular importance in light of trade considerations is the need to be able to ban the import of certain foods on nutritional and food safety grounds, which will be a significant contribution to arresting the rapid rise in the so-called "lifestyle diseases" that are becoming all too common.

Recommendation 4: Maintain customary land tenure as a basis for food security

The debate over whether customary land tenure in the Pacific is an obstacle to development seems, thankfully, to be over: it is now recognised that capitalist-style development can occur quite satisfactorily on land held under customary tenure. It is also important to recognise that the high level of food security enjoyed by most of the populations in Vanuatu, the Solomon Islands and Papua New Guinea comes from food gardening on customary land, and this is despite ongoing land disputes and the insecurity of tenure in conventional terms. One of the important principals of the traditional economy is that everyone has access to land on which to make gardens for food and access resources, even people with no traditional claim over the land being used. However, the ill-considered alienation of land from the traditional economy in Vanuatu through leasehold title, for example, is removing the means for ordinary people to be economically productive and enjoy food and social security, in addition to often massively degrading our natural environment - reducing the rich natural capita referred to in the 2006 New Economics Foundation report. The maintenance of customary land tenure needs to be seen as part of the solution to shocks such as the global economic crisis, not an obstacle to development as it has been portrayed in the past.

Recommendation 5: Transform our basic education system

Of particular importance to maintaining the traditional economy is to ensure that our young people continue to participate in it. To achieve this objective, it is essential that we transform the structure and syllabus of our basic education system to reflect and address the reality of the central role the traditional economy plays in providing livelihoods, security and sustainable development outcomes to the population. It is a sad fact that our basic education system is still largely premised on the colonial rationale of producing bureaucrats to run the state administration. Formal schooling at primary and secondary levels actively contributes to the loss of the knowledge and skills that allow an individual to function as a member of their own community and a part of the traditional economy. Our basic education system continues to instil our young people with the understanding that the traditional economy is not of value, while placing high value on earning a cash income and consumerism. With only a small proportion of students able to complete their formal schooling to tertiary levels, this is a dangerous trajectory, which will continue to promote frustration among younger generations who have learned that opportunities in the traditional economy are second-class, while simultaneously being un-equipped to adequately grasp opportunities in the cash economy. The ongoing loss of traditional knowledge and growing problems with marginalised youth are, I believe, a testament to the failure of our basic education system to provide a pathway to an appropriate and sustainable development which must have, at its base, a strong traditional economy.

Conclusion

This presentation is a plea to policy-makers not to ignore the traditional economy of Melanesia and other parts of the Pacific when considering policy options for future development. We must shift our thinking to consider the traditional economy not as a problem to be solved, but rather as an enormous asset to be utilized. Vanuatu is at the critical stage in its development where it can still continue to enjoy the best of both worlds – the benefits and the safety net of the traditional economy and the benefits of the cash economy and Western technology. In the light of the experiences of the global economic crisis, the Government needs to adopt and pursue development strategies for Vanuatu that strengthen and enhance the traditional economy, and revoke policies that displace and degrade it. The remarkable opportunity we are now presented with is to make renewed efforts to strengthen our traditional economy through innovative policies that integrate strategies for enhancing the traditional economy alongside our strategies for promoting economic growth. Better incorporation of the traditional economy into national development policies will expand the menu of options for our future generations. The traditional economy has been the key source of resilience in this global economic crisis. The question we need to ask now is: are we adequately planning for it to be able to provide this resilience when the next global crisis inevitably comes around?