

Chapter 7: Australia, New Zealand, and the Pacific Islands

Chapter 7: Australia, New Zealand, and the Pacific Islands.....	1
7.1 The Pacific Island Economies.....	1
7.2 The AE-22 and Australia, New Zealand and the Pacific Economy.....	2
7.3 The Commonwealth of Australia.....	5
7.4 New Zealand.....	9
7.5 The Pacific Islands.....	12

List of Tables

Table 7.1: Land Area and Population of Selected Countries.....	5
Table 7.2: Area and Population of the Pacific Islands (July 2008 estimate).....	22
Table 7.3: GDP (PPP) and Per Capita PPP of the Pacific Islands.....	23
Table 7.4: Structure of the Pacific Economies: Sectoral Shares of GDP (%), 2004.....	23

7.1 The Pacific Island Economies

Australia and New Zealand are the two very special economies of the South Pacific. The settlers of these two economies came from Europe, mostly the United Kingdom. Indeed, both were colonies of the British Empire and Her Majesty, the Queen of England, continues to be the constitutional head of Australia and New Zealand. The original peoples of the two economies acceded to the authority of the European settlers. Some went on to complete an English education and earned places of official rank and accommodation under the new regime. It was only recently, on February 23, 2008, at the initiative of Prime Minister Kevin Rudd of Australia, that the Australian Parliament resolved to offer an official apology to the indigenous peoples of the land for their past suffering.

In addition to Australia and New Zealand, there are numerous small island economies in the Pacific Ocean, which will be grouped as the Pacific Economy (“PE”).

Many were formerly under the colonial rule of one or another European empire. In addition to the aboriginal population, immigrants from Europe and Asia constitute the population base of the Pacific Island Economy.

7.2 The AE-22 and Australia, New Zealand and the Pacific Economy

Belonging to the map of the Asian continent has been the core criteria of the AE-22. Diversities of language, religion, and lifestyle should not be relevant to the oneness of the Asian family. Common geography shall be the bond of unity, as it is for the European Union.

Though Australia, New Zealand and the Pacific Economy do not belong to the map of Asia, their belonging to the continent of Asia is principally dictated by economic considerations given that these economies are no closer to any other continent. Australia is an immediate neighbor of Indonesia and its geographic proximity to Southeast Asia is to be noted.

The fact of economic integration of its two colonies, Australia and New Zealand, became a topic of much debate when the United Kingdom negotiated its membership of the European Union in the 1960s. Simply put, Australia and New Zealand did not belong to the map of Europe and as a result, they were not to be taken as integrated parts of the family of Europe. The United Kingdom understood that it was imperative that it secure its position within the EEC and finally concluded the prolonged negotiations to join the European Community in 1973.

It is possible that rather than becoming closer to their Asian neighbors, Australia and New Zealand could become members of the American Hemispheric Economic

Union. The Hemispheric conference in 1994, hosted by the United States, already instituted some preliminary framework, though there has not been any operational progress. Australia and New Zealand could of course elect to join the American hemispheric economic compact following the reverse-L format, with a contact point with Chile (Dutta 1999). Any effort to have special contact with the United States by way of a separate Free Trade Area (FTA) would, at best, be suboptimal. The FTA would be of the traditional, strategic type, far from the FTA of the EU paradigm.

Following the United Kingdom's membership to the EU, Australia and New Zealand recognized that they could no longer depend on the British economic presence, and made efforts to explore economic opportunities in Asia. Japan and Australia became economic partners. Australia had plenty of export products, especially food items and raw materials, and Japan had the need and means to pay for these imports. The economic gains made by the two led to progressive efforts to invite cooperation from New Zealand, Canada and the USA. Together, these five led an effort to constitute a market which could compete with the emerging European continental market. The net result was the Asia-Pacific Economic Cooperation (APEC), instituted in 1989, with its secretariat in Singapore. The APEC failed to deliver its promises (see Chapter 1).

The compatibility of the economic engagement of Australia-New Zealand ("ANZ") with the AE-22 must be discussed. The economies of ANZ are resource-rich and labor-scarce. Their population bases are limited, directly impacting the aggregate supply of labor. By extension, ANZ also have limited consumers at home and must actively seek out foreign markets to export the products of their resource-rich economies. Australia and New Zealand have invited immigrants to their countries due to their lack of

labor supply and the AE-22, with over half the world's population, is the natural place to look. Obviously, the AE-22 will also be a huge market for their exports. Given the fact of high rate of growth of Asia's newly industrializing economies with its correspondingly growing import demand, and Japan as a mature industrialized economy, the choice for Australia and New Zealand is too obvious. Distance and the consequent cost of transportation will further limit trade between ANZ and the other continental economies of Europe, Africa, Middle East, Russia and the Americas. Of course, the ultimate decision must belong to the peoples of Australia and New Zealand.

The issue is under much review. Recently, Australia and New Zealand has explored aspects of a South Pacific Regional Economic Cooperation. The Australia-New Zealand Closer Economic Relations (ANZCER) agreement, effective January 1, 1983, is on record (Dutta 1999). It replaced the Free Trade Agreement of 1966 between the two countries, which was too limited in scope, and the broader-based agreement of 1983 became successful. The Ministerial Review of 1992 recorded ANZCER as "a resounding success". By July 1, 1990, five years ahead of the target date, a free trade regime between Australia and New Zealand became an accomplishment. Free flows of investment and the free movement labor between them did not prove to be issues of much concern. The debate remains open in regards to whether this free trade regime can sustain itself without shared macroeconomic policy goals, with well-specified monetary-and-fiscal guidelines, though research on an ANZ common currency, following the Euro in the EU, has been reported (Grimes et. al. 2000).

In 2002, Australia and New Zealand co-sponsored a regional economic cooperation conference with participation from a select group of Pacific Island

economies. The conference did not produce a program. One can argue that the core issue of concern is that the total shares of world GDP and trade of this South Pacific Group could not be competitively large, given the emerging continental economic compacts of Europe, Asia, Africa and the Americas.

7.3 The Commonwealth of Australia

With a population of 20.60 million (July 2008 estimate) in a land area of 7.69 million sq. km, Australia is located in the Pacific Ocean, between the Indian and the South Pacific Oceans. The land area of Australia approximates to that of the USA, excluding the states of Alaska and Hawaii. It is instructive to compare the land area of Australia with that of a select group of countries (Table 7.1) and their respective land/population ratio. A quick comparison of Japan, Australia and New Zealand for their respective population and land area is revealing. In 1990, Australia had a population of 17.09 million in a land area of 7,687,000 sq. km., while New Zealand had a population of 3.39 million in a land area of 269,000 sq. km. Japan, on the other hand, had a population of 125.54 million with a land area of just 372,000 sq. km. China's 1.15 billion people lived in a land area larger only by some 2,000 sq. km. than Australia, while India's 846.19 million made their homes in a land area of 3,288,000 sq. km., less than on half of Australia's land area (Dutta 1999). Table 7.1 updates this information for these and other heavily populated countries for 2008.

Table 7.1: Land Area and Population of Selected Countries

	Land Area, millions of sq. km.	Population, millions	People per Sq. Km.
Australia	7.687	20.60	2.68
Brazil	8.511	191.91	22.55

Canada	9.985	33.21	3.33
China	9.597	1330.04	138.59
India	3.287	1148.00	349.25
Indonesia	1.919	237.51	123.77
Russia	17.075	140.70	8.24
USA	9.827	303.82	30.92

Source: The World Fact Book, July 2008 estimates

Europeans first arrived in Australia in the 17th century and established their command over the aboriginal people who migrated and settled there from Southeast Asia some 40,000 years ago. In 1770, Captain James Cook formally established the authority of Great Britain. The British colonies on the continent became a federation and constituted the Commonwealth of Australia in 1901. The constitution was adopted on July 9, 1900 and became effective January 1, 1901. Universal suffrage at 18 years of age is compulsory.

Australia has a federal parliamentary democratic form of government with six states and two territories as its administrative divisions: New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia and the Australian Capital Territory and Northern territory, respectively. In addition, there are several dependent areas.

Her Majesty, the Queen of England, the constitutional head of the government, is the Chief of the State. The British monarchy is hereditary and the office is represented by the Governor General, appointed on the advice of the Australian Prime Minister, to serve as the representative of the Queen. Following parliamentary elections, the majority leader or the leader of the majority coalition is designated as the Australian Prime Minister, who then nominates the members of his cabinet to be appointed by the Governor General. The Prime Minister is aided by a Deputy Prime Minister. The

legislature is bicameral and consists of the Senate and the House of Representatives. The Senate has 76 members, 12 from each of the six states and two from each of the two territories. State senators are elected by popular vote on a staggered basis; one-half of are elected every three years to serve the six year terms. Territory senators are elected every three years. The House of Representatives has 150 members, elected by popular preferential votes to serve terms up to three years. The judiciary is headed by the High Court with a Chief Justice and six other justices, appointed by the Governor General. Australia is a member of most international organizations, inclusive of the OECD. It should be noted that Australia is only a dialogue partner of the Association of South East Asian Nations (ASEAN), which involves many of its most immediate neighbors.

Australia has a free market capitalist economy with a GDP-PPP of \$760.8 billion (2007 estimate). The per capita GDP-PPP of \$36,300 in 2007 ranks Australia amongst the top four richest countries in Western Europe. Australia's commitment to low inflation rate is notable and its economic interaction with Asian economies follows a progressive trend. Australia's exports of raw materials and agricultural products are matched by its strong import demand.

Its economic structure, based on the sectoral output of GDP, has earned Australia the rank of a mature industrialized economy. The sectoral shares are: agriculture at 3.0 percent, industry at 26.4 percent, and services at 70.6 percent (2007 estimate). Given its large agricultural base, including, but not limited to, wheat, barley, sugarcane, fruits, cattle, sheep and poultry, food-processing is a major component of its industrial activity. Mining is another major industrial sector, given generous reserves of bauxite, coal, iron

ore, copper, tin, gold, silver, uranium, nickel, tungsten, lead, zinc, diamonds, mineral sands, natural gas and petroleum.

Australia's confrontation with Indonesia is of much concern. Over time, the two neighboring countries have maintained a friendly relationship, albeit the East Timor Sea Treaty of 2002 remains a source of dispute. The world at large contests Australia's land and maritime claims involving Antarctica.

The critical issue for Australia is its limited population base. Its land and population ratio limits its economic potential, being a land of enormous resource endowment: it is an economy of over twenty million people occupying a geographical area as large as China or United States or Canada. More than a billion people in India make their home in a geographical area less than one-half of Australia's. For farming, mining, logging, fishing, exploring petroleum and natural gas, Australia needs labor, ordinary and skilled professionals such as engineers, physicians, nurses, accountants, research scientists and academics with advanced credentials. Recently, Australia has adjusted its immigration policy to invite immigrants from Asia rather than try to lure immigrants from distant Europe. The enlargement of the European Union has created a new prosperous economic situation for the people of Europe in its twenty-seven member economies, diminishing the need for its people to leave its borders.

Australia's admission of immigrants from Asia, of course, became an economic necessity. However, the European lifestyle of Australians needed to go through a process of adjustment as they came to accept their new fellow citizens, Asian-Australians. Based on the 2001 census, 92 percent of Australians were Caucasian, with those of Asian

heritage constituting only 7 percent. English is spoken by 79.1 percent of the people and over 67 percent are Catholic, Anglican or other Christian groups.

Australia's political relationship with the monarchy of the United Kingdom must be noted as a real challenge. As and when the United Kingdom decides to integrate in all aspects with the EU, socially, economically and politically, with one President of the Union, Australia will have to redefine its ties with the Crown. Additionally, the relationship between the Australian dollar and the British pound sterling will be an issue as and when the United Kingdom abandons the pound in favor of the euro. Perhaps then, an Asian Economy with one common Asian Money will be a subject for review by Australia.

7.4 New Zealand

Based on the July 2008 estimate, 4.17 million New Zealanders live on a land area of 268.68 sq. km. to the immediate southeast of Australia, the Tasman Sea separating the two countries. New Zealand is rich in natural resources such as iron ore, sand, gold, coal, timber, limestone, natural gas and hydro-power. In recent years, progressive industrialization of its agriculturally-based economy has been notable. Per capita income at \$26,400 in 2007 in purchasing power parity has increased for eight consecutive years and ranks New Zealand as a rich industrialized country. The sectoral shares of GDP, based on 2007 estimates, with agriculture at 4.8 percent, industry at 26.0 percent, and services at 69.3 percent, support this position. New Zealand is a member of all major international organizations and a dialogue partner of ASEAN.

The Polynesian Maori made New Zealand their home at about 800 A.D. In 1840, a minority of Maori chiefs signed the Treaty of Waitangi, ceding sovereignty to the

Queen of England. For the next few decades, the United Kingdom fought the native Maori population, and finally established New Zealand as a British colony in 1907. Maori grievances have been very much a part of the country's history, but the Government of New Zealand has in recent years made provisions for the accommodation of the Maori population in the administration and began settling land disputes resulting from the Treaty of Waitangi.

Based on the census of 2001, the population of New Zealand comprised: 69.8 percent European, 7.9 percent Maori, 5.7 percent Asian and 4.4 percent Pacific Islanders, the remaining population being other, mixed or unspecified. Christianity - Anglican, Roman Catholic, Presbyterian, Methodist, Pentecostal, Baptist and other Christians - is the dominant religion with 53.5 percent of the population. Both English and Maori are official languages, as well as sign language.

The government of New Zealand is a parliamentary democracy with universal suffrage as of 18 years of age. Wellington is the capital city. Administrative divisions consist of sixteen regions: Auckland, Bay of Plenty, Canterbury, Gisborne, Hawke's Bay, Manawatu-Wanganui, Marlborough, Nelson, Northland, Otago, Southland, Taranaki, Tasman, Waikato, Wellington and West Coast, and one territory, the Chatham Islands. In addition there are three dependent areas: the Cook Islands, Niue and Tokelau. The Constitution Act of 1986, adopted and effective January 1, 1987, is the principal formal charter.

The Queen of England is the constitutional Chief of State, and is represented by the Governor General, directly appointed by the hereditary monarch. Following legislative elections, the leader of the majority party or of the majority coalition is

appointed by the Governor General to serve as the New Zealand Prime Minister and Head of Government. A Deputy Prime Minister is similarly designated.

The legislature comprises of a unicameral Parliament with 120 members, 69 elected by popular vote in single-member constituencies, and 51 by proportional votes chosen from the lists of various political parties. The total seats include seven Maori constituencies. Members serve for three-year terms. The judiciary consists of the Supreme Court, the Court of Appeal, and the High Court, whereby all judges are appointed by the Governor General.

The economy of New Zealand is making steady progress: the 2006 estimate of its GDP-PPP was NZ\$ 106 billion, and both the rate of unemployment and the rate of inflation rate was at 3.8 percent. The Gini Index was 36.2 in 1997. The agricultural products of New Zealand are varied and include wheat, barley, pulses, potatoes, fruits, vegetables, wool, beef, lamb, mutton, dairy products, and fish while industries cover food processing, wood and paper products, textiles, machinery, transportation equipment, tourism, mining, banking and insurance.

Australia ranks at the top amongst the trading partners of New Zealand, followed by USA, Japan, Germany, China, and the United Kingdom. For both Australia and New Zealand, two special points merit attention. First, these two resource-rich economies are successfully engaged in progressive industrialization, with the proper formulation and administration of monetary and fiscal policy measures in place. It is proper to suggest that they made their agricultural, dairy, fish, marine and forest products capital-intensive, thus making their products rich in value-added inputs and enabling them to earn more income per unit of output. Secondly, these two economies accepted their dependence on

the exportation of these value-added husbandry products. Though the output New Zealand is capable of producing could not be consumed by their peoples given their small population bases, the global demand for their exports moved the aggregate demand curves of their production much farther out than would be possible with domestic demand alone.

Wool is a major product of New Zealand and is of much importance to the country. With local designs and capital investments, the final products are immensely popular with tourists that drive the vibrant tourist industry that generates a great deal of the economy's foreign exchange revenues. However, the labor intensive work of knitting and processing is often done by laborers in the islands off New Zealand. Though New Zealand claims that it has no labor shortage and that the present arrangement provides the islanders an opportunity to earn their livelihood from low-wage, low-skill work, an economic analysis must remain open.

New Zealanders also proudly point to their country's fast growing film-making enterprises. Beginning with popular television series produced for the United States, New Zealand crews have become industry veterans and now regularly participate in the most challenging films to be made. The list of internationally acknowledged films produced in New Zealand includes *The Piano*, *the Lord of the Rings* trilogy, *the Chronicles of Narnia*, and of course, *Whale Rider*.

7.5 The Pacific Islands

The Pacific Islands include the Cook Islands, Fiji, Kiribati, the Marshall Islands, the Federated States of Micronesia, Papua New Guinea, Samoa, the Solomon Islands,

Tonga, Tuvalu, and Vanuatu. Based on recent data, over eight million people have made their homes in the Pacific Islands.

The Christian faith progressed to a preeminent position as the religion of the region. When the imperial powers from Europe came to colonize these island economies, they brought with them the necessary political and commercial entourages, while Christian missionaries came along to offer their religious services to the native peoples, many of whom eventually embraced the Christian faith. Christianity of different affiliations is now the faith of the majority population of these islands. Though Fiji is an exception where Christians constitute just over 50 percent of the population and as many as 34 percent subscribe to Hinduism, Papua New Guinea is the ordinary case in the region where two-thirds of the population subscribes to Christianity while the remaining third keeps the indigenous faiths.

For ethnicity and languages spoken, the Pacific Islands offer a mix of instructive diversity. In the Cook Islands, 87.7 percent people are of Maori Polynesian by ethnicity, and its languages are English (official) and Maori. On the other hand, in Fiji, Fijians constitute 54.8 percent of the people, with 37.4 percent Indian and the rest comprised of Europeans, Pacific Islanders, and Chinese. English and Fijian are the official languages though Hindusthani (an Indian language) is widely spoken. In Kiribati, Micronesians encompass almost 100 percent of the population. English is the official language, but people widely speak indigenous Kiribati. In the Marshall Islands, Micronesians constitute the exclusive ethnic group and Marshallese and English, the official languages, are both spoken by most people. In the Federated States of Micronesia, ethnic groups are many and varied, inclusive of Chuukese, Pohnpeian, Kosraean and Yapese. There is also

a small group of Asians that make up 1.8 percent of the population. English is the official and common language, but native languages, such as Chuukese, Kosrean, Pohnpeian, Yapese, Ulithian, Woleaian, Nukuoro and Kapingamarangi are spoken. In Papua New Guinea, which has a relatively large population base, the major ethnic groups are Melanesian, Papuan, Negrito, Micronesian and Polynesian. Melanesian Pidgin is the lingua franca while there are 820 indigenous languages. English is spoken by no more than 2 percent of the people. In Samoa, Samoans as an ethnic group make more than 90 percent of the population and Samoan (Polynesian) and English are the languages. The ethnic groups in the Solomon Islands are primarily the Melanesians with some 95 percent and the rest being Polynesian, Micronesians, and some one percent classified as other and unspecified. Melanesian pidgin is the lingua franca, although there are 120 indigenous languages. English is the official language but spoken by no more than 2 percent of the people. In Tonga, the ethnic groups are Polynesians and Europeans, speaking Tongan and English. With its small population of some 12,000, Tuvalu is 96 percent Polynesian, and the rest being Micronesians. The languages spoken are Tuvaluan, English, Samoan and Kiribati. Finally, in Vanuatu, Ni-Vanuatu is ethnicity of over 98 percent of the people of the island. Linguistically, numerous indigenous languages are spoken and a small number speak English (less than 2 percent) and French (1.4 percent).

The Cook Islands were first sighted by Europeans in 1770, and were made a British protectorate in 1888. In 1900, New Zealand, then a British colony in the South Pacific, assumed its control. As of 1965, the islanders elected to be self-governing in free association with New Zealand. It is now a parliamentary democracy, with New Zealand retaining authority for external affairs and defense, albeit in consultation with the people

of the Island. The Queen of England remains the constitutional chief of state. Following elections, the leader of the majority party or of the majority coalition is invited by the Queen to form the government. The bicameral legislature has a Legislative Assembly with 24 members, elected by popular vote to serve for four-year terms. The House of Ariki, consisting of the traditional leaders, has no legislative power, but retains significant advisory authority. Elections are based on universal adult suffrage. Avarua is the capital city.

Fiji, a British colony for about a century, became independent in 1970. Independence Day is October 10, 1970, and the second Monday of each October is now celebrated as a national holiday. The President, with affirmation by the Great Council of Chiefs, is the chief of state. The Prime Minister is the head of the government, being the leader of the majority party or of the majority coalition, and is so appointed by the President. The Prime Minister is aided by a cabinet, chosen by him from amongst the members of Parliament. The legislature consists of (1) the Senate with 32 seats, 14 appointed by the president on the advice of the Great Council of Chiefs, nine appointed by the president on the advice of the Prime Minister, eight on the advice of the Opposition Leader, and one appointed by the council of Rotuma and (2) the House of Representatives with 71 seats, 23 reserved for ethnic Fijians, 19 reserved for ethnic Indians, three reserved for other ethnic groups, one reserved for the council of Rotuma, and 25 general seats. Members serve for five-year terms. The judiciary is headed by the Supreme Court, with its judges appointed by the President.

Political tensions between the Fijians of Indian ancestry and the natives have been responsible for much concern, contributing to serious disruptions of democratic rule. The Republic of the Fiji Islands has its capital in Suva.

The Gilbert Islands attained self-rule from the United Kingdom in 1971, and on July 12, 1979, it became an independent republic with the new name of Kiribati. This day is observed as Independence Day. In 1979, the United States signed a Treaty of Friendship with Kiribati, giving up all territorial claims to the Phoenix and Line Islands. The city of Tarawa is the capital city of the Republic of Kiribati. Universal suffrage as of 18 years of age is the law of the land. The president is at once the chief of state and the head of government; he/she is aided by a 12-member cabinet whose members are appointed by the President from amongst the Parliamentarians. From amongst its members, the House of Parliament nominates candidates for election to the office of the President; candidates so nominated compete in a general election by popular vote. The President serves for a four-year term and is eligible for two additional terms. The unicameral House of Parliament has 46 seats, 44 elected by popular vote, serving for four-year terms; the attorney-general is one ex-officio member. The remaining member is nominated by the Rabi Council, representing Banaba Island. The judiciary consists of the Court of Appeal, the High Court, and 26 Magistrates' courts, all judges being appointed by the President.

The Marshall Islands became an independent republic in 1986 under the Compact of Free Association with the United States. For about four decades, the US administration controlled the territory, the eastern-most part of the United Nations Trust Territory of the Pacific Islands. Indeed, they host extensive defense installations

including the Reagan Missile Test Site. Majuro is the capital city. October 21, 1986 is the Independence Day from the US-administered UN Trusteeship. On May 1, 1979, they adopted the constitution which provided for universal suffrage as of 18 years of age.

The President, elected by Parliament from amongst its members for a four-year term, is at once the chief of state and head of government. He is aided by a cabinet whose members are selected by the president from amongst the parliamentarians. The unicameral legislature, the Nitijela, has 33 members, elected by popular vote to serve for four-year terms. The judiciary consists of the Supreme Court, the High Court, and the Traditional Rights Court.

A United Nations Trust Territory under the United States Administration, the Federated States of Micronesia adopted a constitution in 1979, which provided for universal suffrage as of 18 years of age. May 10 is a national holiday as Constitution Day. The Federated States attained independence in 1986 under a compact of Free Association with the USA, and which was amended in May 2004. Independence Day is November 3, 1986. Palikir is the capital city.

The President is both the chief of state and head of government. He is aided by a cabinet which includes a Vice President and the heads of eight executive departments. The President and Vice President are elected by Congress from amongst the four senators at large, serving for a four-year term and are eligible for a second term. The unicameral legislature has a Senate with 14 seats. Four are elected to represent each state, serving four-year terms, and ten are elected from single-member districts by popular votes, for two-year terms. The Supreme Court heads the judiciary.

As of 1885, records will show that Germany and the United Kingdom shared control of Papua New Guinea, Germany in the north and the UK in the south. In 1902, the UK transferred their control of the southern part to Australia. During World War I, the northern part also came under Australian administration. On September 16, 1975, independence from the Australian administered UN Trusteeship was attained and the independent State of Papua New Guinea came to institute its constitutional parliamentary democracy with universal suffrage as of 18 years of age. Port Moresby is the capital city. The Queen of England is the constitutional chief of state, represented by the governor general. The prime minister is the head of the government. He/she is aided by a deputy prime minister. The National Executive Council is the cabinet, with its members being appointed by the governor general, of course, on the recommendation of prime minister. Following legislative elections, the leader of the majority party or of majority coalition is invited by the governor general to serve as the prime minister. The unicameral legislature is the National Parliament with 109 seats, 89 from open elections and 20 from provinces and national capital districts. Members are elected by popular vote to serve for five-year terms. The constitution provides for up to 126 seats. The judiciary consists of the Supreme Court, the chief justice appointed by the governor general on the proposal by the National Executive Council after consultation with the minister for justice. Other judges are appointed by the Judicial and Legal Services Commission.

After World War I in 1914, the German protectorate, then Western Samoa, came under the occupation of New Zealand and so continued until January 1, 1962 when it became independent from the New Zealand administered UN trusteeship. This is the day they celebrate as Independence Day. A new constitution was also adopted on January 1,

1962 granting universal suffrage as of 21 years of age. As of 1997, the island came to be known as Samoa, no longer Western Samoa.

The chief of state is elected by the Legislative Assembly to serve for a five-year term and is eligible for re-election without term limits. The unicameral legislature, the Fono, has 49 seats, 47 elected by voters affiliated with traditional village-based electoral districts and 2 elected by those independent voters who cannot establish a village affiliation. The judicial branch consists of the Supreme Court, the District Court, and the Land and Titles Court.

The Solomon Islands became a protectorate of the United Kingdom in the 1890s. Independence from the UK was achieved on July 7, 1978. It is a national holiday in observance of Independence Day. The constitution was adopted on the same day, stipulating universal suffrage as of 21 years of age. Honiara is the capital city.

The Queen of England is the constitutional chief of state, and she is represented by the governor general, so appointed. The prime minister is the head of government. The leader of the majority party or of majority coalition is invited by the governor general to serve as the prime minister. Following the advice of the prime minister, the governor general also appoints a deputy prime minister and members of the cabinet from amongst the members of the parliament. The National Parliament has one chamber, with 50 members, all elected by popular vote from single-member constituencies to serve for four-year terms. The Court of Appeal relates to the judicial branch.

As early as 1845, the archipelagos of The Friendly Islands formed a Polynesian kingdom. With a constitution adopted on November 4, 1875, Tonga became a constitutional monarchy and remains the only monarchy in the Pacific Islands. However,

it did become a protectorate of the United Kingdom in 1900, though this status ended on June 4, 1970 when Tonga became a member of the Commonwealth of Nations. June 4 is observed as Emancipation Day. The constitution of 1875 was amended January 1, 1967. Universal suffrage as of 21 years of age is the law of the land. Three island groups, Ha'apai, Tongatapu and Vava'u, are the administrative divisions. The capital city is Nuku'alofa.

The kingdom of Tonga has a constitutional hereditary monarchy. The king is the chief of state. The prime minister and the deputy prime minister are appointed by the monarch. The cabinet consists of 14 members, 10 appointed by the monarch for life and four appointed from amongst the elected members of the legislature to serve for three-year terms. There is a Privy Council, consisting of the monarch, the cabinet and two governors. The unicameral Legislature, the Fale Alea, has 32 seats, 14 reserved for cabinet members ex-officio, 9 nobles selected by the country's 33 nobles, and 9 elected by popular vote to serve three-year terms. The judiciary is led by the Supreme Court, with judges appointed by the monarch. In addition, Tonga has a Court of Appeal with Chief Justice and other justices, chosen and approved by the Privy Council.

Following the ethnic confrontations between the Polynesians of the Ellice Islands and the Micronesians of the Gilbert Islands in 1970s, the British colonial regime of the Gilbert and Ellice Islands disintegrated. In 1975, the Ellice Islands were reconstituted as Tuvalu, still a colony under the United Kingdom. Tuvalu means "group of eight", named for the eight traditionally inhabited islands. Tuvalu became independent of the British colonial rule on October 1, 1978. Now a member of the Commonwealth of Nations,

Tuvalu adopted its new constitution on the same day, with a provision for universal adult suffrage as 18 years of age. The capital city is Funafuti.

The Queen of England is the constitutional chief of state. The governor general is appointed by the Queen on the advice of the prime minister to represent Her Majesty. The prime minister and the deputy prime minister are elected by the members of Parliament from amongst their members. The unicameral legislature is Parliament, the Fale I Fono. The members constituting the 15 seats are elected by popular vote to serve for four-year terms. The judicial branch consists of High Court, the Court of Appeal and eight Island Courts.

Vanuatu became the new name of the New Hebrides Islands when the Anglo-French Condominium, established by an agreement between the British and French colonial powers in 1906, failed to sustain itself. On July 30, 1980, Vanuatu became independent of France and the United Kingdom, and July 30 is observed as a national holiday, Independence Day. The new constitution, unifying the former French and British systems, was adopted on the same date, giving birth to a parliamentary democracy, based universal suffrage as of 18 years of age. Vanuatu presents a rich history of linguistic and cultural diversities of the European colonizers who made competitive efforts to establish their respective colonial hegemonies.

The president, elected for five-year term by an electoral college consisting of the members of Parliament and the presidents of the regional councils, is the chief of state. Following national elections, the leader of the majority party or of a coalition is elected by Parliament to serve as the prime minister, the head of government. He is aided by a deputy prime minister and a cabinet. The Council of Ministers is appointed by the prime

minister, responsible to Parliament. The parliament has one chamber with 52 seats, its members elected by popular votes to serve four-year terms. The National Council of Chiefs exercises advisory powers on issues of cultural and language. The Supreme Court, consisting of a chief Justice and three other justices, comprise the judiciary. The chief justice is appointed by the president after consultation with the prime minister and the leader of the opposition. The president appoints three other justices on the advice of the Judicial Service Commission.

The presentation of a brief review of the economies of the Pacific Island countries follows. Table 7.2 relates to area and population and Table 7.3 covers aggregate GDP (PPP) and Per Capita (PPP). Table 7.4 describes the structure of the economies, based on sectoral shares of GDP. Though it is obvious these island economies have small areas with small population bases, the data on GDP, aggregate as well as per capita, in terms of purchasing power parity, reveal these economies are competitively ahead of many others of the 192 sovereign nation state economies on the roster of the United Nations. A review of the structures of these island economies points to the fact that they are very much dependent on their respective agricultural sectors.

Table 7.2: Area and Population of the Pacific Islands (July 2008 estimate)

	Area, Sq.Km.	Population
Cook Islands	237	21,923
Fiji	18,279	931,741
Kiribati	811	110,356
Marshall Islands	181	63,174
Federated States of Micronesia	702	107,665
Papua New Guinea	462,840	5,931,769
Samoa	2,944	217,083
Solomon Islands	28,450	581,318
Tonga	748	119,009
Tuvalu	26	12,177

Vanuatu	12,200	215,446
Total	527,418	8,311,661

Source: The World Factbook, 2008

Table 7.3: GDP (PPP) and Per Capita PPP of the Pacific Islands

	GDP(PPP), \$ millions	Per Capita (PPP)	Year of Estimate
Cook Islands	183.2	\$9,100	2005
Fiji	5,079.0	\$5,500	2007
Kiribati	348.0	\$3,600	2007
Marshall Islands	115.0	\$2,900	2001, 2005
Federated States of Micronesia	277.0	\$2,300	2005
Papua New Guinea	11,940.0	\$2,000	2007
Samoa	1,029.0	\$5,400	2007
Solomon Islands	948.0	\$1,900	2007
Tonga	526.0	\$5,100	2007
Tuvalu	14.9	\$1,600	2002
Vanuatu	897.0	\$3,900	2007

Source: The World Factbook, 2008

Table 7.4: Structure of the Pacific Economies: Sectoral Shares of GDP (%), 2004

	Agriculture	Industry	Service
Cook Islands	15.1	9.6	75.3
Fiji	8.9	13.5	77.6
Kiribati	8.9	24.2	66.8
Marshall Islands	31.7	14.9	53.4
Federated States of Micronesia	28.9	15.2	55.9
Papua New Guinea*	34.0	37.3	28.7
Samoa	11.4	58.4	30.2
Solomon Islands**	42.0	11.0	47.0
Tonga [^]	25.0	17.0	57.0
Tuvalu [†]	16.6	27.2	56.2
Vanuatu*	26.0	12.0	62.0

Source: The World Factbook, 2008

* Data from 2007

** Data from 2000

[†] Data from 2002

[^] Data from 2005-2006

The exploration of these remote islands by the European colonial powers related to agriculture inclusive of fruits and related food items, fish and marine products, forestry, native handicrafts, plus adventurous tourism. In addition to small scale handicrafts, these activities remain the major economic activities of the Pacific Islands. Mention may be made of copra and citrus fruits from the Cook Islands and Kiribati; sugar from Fiji; coconuts, copra and breadfruit from the Marshall Islands; coconut cream, coconut oil and copra from Samoa; cocoa beans, coconuts, palm kernels, rice, potatoes, vegetable, fruit and timber from the Solomon Islands; squash, vanilla beans and yams from Tonga; the Cook Islands has its export of Black Pearls; mining of the high-grade phosphate in the Federated States of Micronesia; mineral deposits of copper, gold and oil from Papua New Guinea. Additionally, undeveloped mineral resources, particularly the lead, zinc, nickel and gold in the Solomon Islands are economic potentials. Tourism is a growing industry for Fiji, with much potential in the Federated States of Micronesia and Vanuatu. Remittances from the native population of these islands who earn incomes from jobs in overseas economies and/or as sailors on boats owned by foreigners are to be noted. Foreign aids from Australia, New Zealand, Japan, China, UK, the Republic of Korea and the United States in many and varied forms expectedly contribute to the economic prosperity to these island economies.