

## **Economic Growth, Urban Disorder and Unemployment: A Case Study from Vanuatu**

*Anita Jowitt, University of the South Pacific, Port Vila, Vanuatu*

### **Introduction**

Whilst the concept of 'transition economy' is usually applied to European countries undergoing a transition from state controlled to market economies there are other significant modes of economic transition occurring in other regions of the world. In Vanuatu, as in other Pacific Island states, the transition occurs from 'primitive' subsistence agriculture based economic structures to participation in the modern cash economy. Like most other developing Pacific Island economies undergoing this transition Vanuatu is struggling to manage this transition and has failed to meet its economic development goals. It is now feared that this economic failure is fuelling a law and order problem, similar to problems found in some European transition economies, in which urban migration feeds urban unemployment, which in turn leads to rising crime rates. By drawing on the experiences of neighbouring Melanesian countries this growing law and order problem is feared to be the beginning of a significant development crisis for Vanuatu.

The discussion of the growing crime and unemployment problem in urban Vanuatu has so far tended to focus on the sociological aspects of crime, and to consider more 'customary' ways of policing and/or providing social stability in order to stem the rising crime rate. There has also been some consideration of the role of decentralisation as a means of slowing urban migration. However, whilst the perceived law and order problem has, in part, its roots in a problem of economic development, there has been little attempt to consider its dimensions in terms of its economic roots, economic impacts, or to use economic policy, particularly in the area of employment generation, to address the problem. It may seem odd that the response to a lack of jobs has been "how can custom be used to maintain social order?" and not "how can more jobs be created?" This approach is, however, unsurprising given the focus of post colonial discourse on the politics of oppression and the demonisation of economics (amongst other things) as being a western tool for neo colonialism.

This paper wishes to draw attention to the importance of economic policy in responding to a law and order problem that has so far largely been discussed in socio-political terms. The concept of 'development' changes all facets of society and therefore requires an interdisciplinary approach to the analysis of how best to manage this change. Whilst not dismissing the sociological and political analyses of sources of disorder and ways to manage it, the integra-

tion of economic and legal analyses will add further dimensions to the analysis of this problem and thereby add richness to policy options that are created in response to it. The paper begins by providing an overview of Vanuatu's economic and human development status before turning to present data on urban migration, the labour force and crime. It then provides a commentary on this data that stresses the importance of integrating economic policies, particularly in the area of employment, in order to effectively respond to this issue.

### **An overview of Vanuatu**

Prior to Independence in 1980 Vanuatu was known as the New Hebrides. It is a collection of over 80 islands located in the south western Pacific. In respect of other Pacific 'landmarks' Vanuatu lies between Australia and Fiji Islands. There are 12 main populated islands although the population of approximately 190,000 is dispersed widely and 63 islands are inhabited. Vanuatu has two urban areas, Port Vila, the capital, located on Efate and Luganville to the north, located on Espiritu Santo. It is largely undeveloped, with the bulk of the population being engaged in subsistence agriculture, and is on the UNCTAD list of least developed countries.

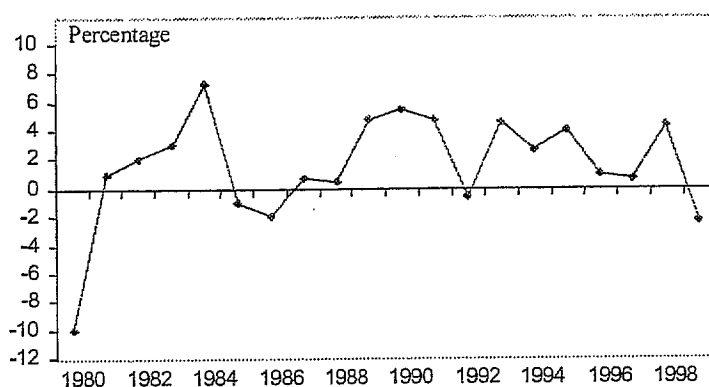
### **Macroeconomic performance since Independence**

Vanuatu's economy is heavily reliant on agriculture, with most people being engaged in subsistence agriculture. Its only significant exports are agricultural products including copra, cocoa, beef and timber. Other important sectors are tourism and, due to Vanuatu's tax haven status, the financial services sector. As an indication of the importance of each of the sectors to Vanuatu's economy, the share of GDP by different sectors in 1995 was approximately: agriculture, fisheries and forestry 23%; industry, including manufacturing and construction 13%; services, including trade, tourism, finance and government services 64% (ADB 1997: 3-5). Whilst there has been a slight decline in the relative importance of agriculture and a concomitant increase in the share of industry since Independence, Vanuatu still does not look to shift from an agrarian economy in the near future. One of the reasons for this is that development of local industry is hindered by weak infrastructure, particularly outside of urban areas. Inter island shipping is not always reliable and flights between islands are very costly. Road networks are poor. Electricity and water supply is limited to the urban areas and telecommunications networks are also not very extensive. The cost of exporting goods, whether by ship or by plane, also hinders the development of export markets. Political instability and a largely

unskilled workforce also detract from foreign investment inflows (Athy & van der Walle (eds.) 2000; ADB 1997).

Since Independence Vanuatu has experienced erratic growth of GDP. One of the reasons for this is that agriculture is vulnerable to natural disasters such as cyclones and droughts. Changes in international prices for Vanuatu's exports, most notably the declining price for copra, have also affected GDP. Political instability has resulted in mismanagement and hindered foreign investment, particularly from the early 1990s onwards. The figure below shows the inconsistency of growth of GDP.

**Figure 1:**  
**Real GDP Growth, 1980 - 1999**



Source: Athy & van de Walle 2000:162.

A combination of poor growth in GDP and a rapidly growing population has seen real GDP per capita decline. In 1980 real GDP per capita was 85,489 vatu. By 1989 it had declined to 79,905 vatu and in 1999 it was 77,577 vatu. Using 1987 US\$ as the base currency for comparison, real GDP per capita in US \$ is as follows: 1979: \$732; 1989: \$732; 1999: \$ 711.<sup>1</sup>

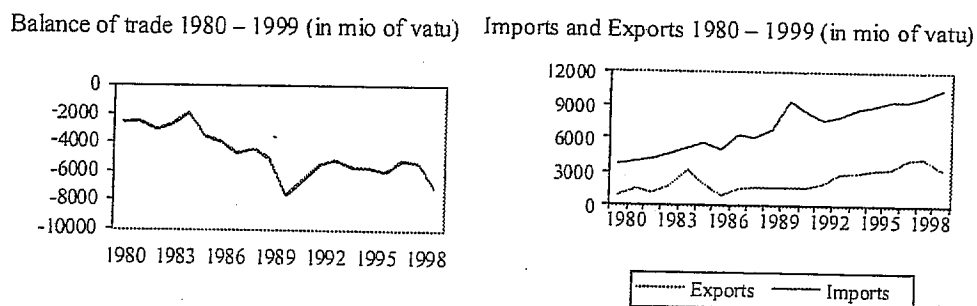
There is considerable dependence on imported goods, with all mineral fuel and most manufactured goods being imported because Vanuatu's economy does not produce such goods. A significant amount of food, beverages and tobacco is also imported. There is a steadily in-

<sup>1</sup> This data come from various National Statistic Office and Reserve Bank publications. 1987 US\$ have been selected as the base currency because recent Human Development Reports use the 1987 US\$ as their base currency for comparison of GDP per capita. The 1999 *Human Development Report* places GDP per capita, using 1987 US\$ as the currency, at 1980: 820; 1985: 962; 1990: 914 and 1997: 836, these figures are considerably higher than those derived from local statistical sources, and show an increase in GDP per capita in the period from 1980-1989. The reasons for this discrepancy are unclear.

creasing balance of trade deficit caused by the amount of imports increasing more rapidly than exports, as figure 2 demonstrates.

The reliance on imports has had a considerable impact on inflation. The first few years following Independence saw high inflation rates that fluctuated wildly. Initial peaks in inflation were caused by the imposition of import duties, which caused the costs of imported goods to rise sharply. Later rapid depreciation of the vatu against the Australian dollar (Australia being a major trading partner) cause further peaks in inflation. The response to this problem was first to peg the vatu to the SDR, then later, in 1987, to peg it to an undisclosed basket of currencies. Since the change in pegging of the vatu there have been no wild fluctuations in inflation and the average annual rate of inflation has been 3.65% (Ala & Arubilake 2000).

**Figure 2:**  
**Trade 1980 - 1999**



Source: van de Walle & Athy (eds) 2000: 162.

Prior to 1998 the main source of government revenue was import duties. Turnover taxes were a second main source of revenue, although there were, and still are, no personal income taxes. In 1998 the main mode of revenue collection changed from import duties, which were in general reduced or removed, to value added tax (V.A.T.). Some businesses are exempt from V.A.T. and are still taxed by way of a turnover tax. Various other taxes also exist, such as an annual road tax levied to vehicle owners and a business license system (IMF 2000: 32). However, this tax base is insufficient to meet the government's expenditure needs, and budget deficits are the norm. Increasingly external loans, in particular from the Asian Development Bank and the World Bank International Development Association, are being used to meet these deficits. Whilst these loans are concessional and have therefore not been unduly burdensome to service, the great increase in external debt in the 1990 is an issue of concern.<sup>2</sup>

<sup>2</sup> For figures on external debt see ADB 1997: 38-39; IMF 2000: 51.

### Human development

This weak economic performance is mirrored in Vanuatu's weak human development performance. In terms of human development in 1997 Vanuatu was in the bottom of third of medium development countries on the United Nations human development index, with a rank of 116 (Human Development Report Office 2000). As we have seen the GDP per capita is low, and declining.

Whilst increasing life expectancy rates indicate that health care is improving, access to health care, water and sanitation are issues, particularly in rural areas. Standards of housing are basic. Kerosene continues to be the primary form of household lighting fuel and is used by 74% of houses in Vanuatu, as compared to 19% using electricity. Wood continues to be the primary source for household cooking, used by 83% of houses, as compared to 15% who use gas. Only 6% of houses have private telephones (National Statistics Office 1999a: 27-32).

Education is still not readily available to the majority of the population. Particularly in rural areas there may not be access to even a junior school. Even if there is a school that students can attend teachers are frequently poorly trained and resourced. After year 6 the number of places available in the school system drops markedly. All students must attend a year 6 exam in order to determine who gets places in junior secondary school. This, coupled with high school fees, sees only a small proportion of the population being educated past the age of 12.<sup>3</sup>

The census defines the literacy rate as people who have completed 4 or more years schooling. Using this definition the literacy rate for Vanuatu is 74% (90% in urban areas and 69% in rural areas) (National Statistics Office 1999a: 25). However, it should be noted that this definition of literacy bears little relation to the more usual functional definition of literacy as being able to read and write. Literacy in this sense is estimated to be 30% for women and 37% for men (UNDP 1999: 105). Functional illiteracy is therefore an issue in Vanuatu.

The issue of provision of education and of functional literacy is complicated by the dual anglophone/francophone education system that Vanuatu retains. As a result of Vanuatu's colonial history it inherited two colonial languages and two education systems, both of which continue to operate and compete for scarce resources. Vanuatu has three official languages, being Bislama, French and English. Whilst people may be literate in one language, many people are not literate in all three.

<sup>3</sup> 1999 census data indicated that 81% in the 5-9 age group attend educational institutes, as compared to 77% of 10-14 year olds, 30% of 15-19 year olds and 3% of 20-24 year olds. The main reason for the large drop in attendance between the age groups of 10-14 and 15-19 appears to be that, at age 12 or 13 most students finished primary school and are not able to continue on to attend junior secondary school (National Statistics Office 1999a: 109).

### Perceptions of crime and unemployment

Given the long period of economic stagnation and attendant disillusionment with the process of development it would perhaps be unsurprising that a law and order problem fuelled by unemployment and urban migration would arise. Whilst the dynamics of the relationship between crime and unemployment (whether fed by migration or not) are subject to considerable debate, numerous empirical studies show links between the two in both industrialised and developing countries. Escalating disorder experienced in neighbouring Melanesian countries, has some of its roots in income disparity arising from unemployment or lack of opportunity to access the cash economy. The June 2000 coup of Solomon Islands and coups in Fiji in 1987 and May 2000 have, in part, economic roots (Kabutaukala 2001; Chand 1997). The crime problem in Papua New Guinea is such that victimisation rates in its cities are considerably higher than in other cities notorious for law and order problems such as Johannesburg and Rio De Janeiro (Levantis 2000: 14). As Standish says, "high unemployment and lack of economic opportunity are seen as the prime cause of crime" (O'Collins 2000: 3).

The apparent spread of unrest throughout Melanesia has increased fears that Vanuatu may experience similar problems as the news headline of "PM says Vanuatu can avoid 'Coup'" indicates.<sup>4</sup> Within the media there has been a somewhat hysterical reporting of public perceptions of the crime problem in Vanuatu. Examples of news stories include a headline that „Unemployment likely reason for increased theft and sex offences"<sup>5</sup> and an article about a gang attack which reported that the incident "sent shivers down the spine of expatriates who are concerned that the country is following in the footsteps of Papua New Guinea, Solomons and Fiji." The article argued that urban migration, youth unemployment and inadequate law enforcement leading to confidence amongst criminals are all becoming more apparent. The presented solution was that "all unemployed youths should be sent home to their islands."<sup>6</sup>

These stories are indicative of the perception that, in search for jobs and other opportunities urban migration arises, which leads to unemployment, which in turn leads to crime. There are also fears that there may be a kind of multiplier effect from the growth of urban disorder on unemployment and economic development. Experience elsewhere has indicated that crime, as an increasingly acceptable revenue earning exercise, may in turn fuel the urban migration and, by acting as a disincentive to investors, will result in fewer job opportunities.

<sup>4</sup> Vanuatu Weekly Hebdomaire. 10 June 2000, p. 1.

<sup>5</sup> Trading Post. 15 Jan 2000, p. 3.

<sup>6</sup> "Gang Attack Fires Fears", in: Trading Post. 28 October 2000, p. 1.

### **Current responses to the problem**

Perhaps the most interesting response to the issue of youth unemployment and urban migration has been from the Vatveve Kaea Council of Chiefs in North Pentecost. This Council, because it "hates to see our people who are without jobs causing problems around [Port Vila]", sent a paramount chief to Port Vila to order unemployed people from the Council's area back to Pentecost.<sup>7</sup> The Decentralisation Review Commission that has recently completed its report also considered the possibility of limiting the right to freedom of movement as a means of controlling urban migration.<sup>8</sup> The idea that there should be a return to custom in order to restore stability to society is also common. The primary recommendation of the Juvenile Justice Project, which was set up to see how policing could be improved, particularly in respect of young offenders, was that Parliament must pass a law giving power to custom law, and to chiefs in order that they can implement custom law (Vanuatu Cultural Centre 2001a).

However, as already mentioned, there has been little discussion in Vanuatu of this problem in relation to either the impacts on economic development or the contributions to be made by economic policy in responding to this problem. Further, there has been no accurate assessment of crime statistics, urban migration statistics and unemployment statistics and their links to each other. This paper will therefore present a summary of data on urban growth and migration, unemployment and crime in Vanuatu, before turning to consider the contributions that policies guided by economics, particularly in the field of employment generation, can make to this issue.

### **Summary of statistics**

#### **Population growth and urban migration**

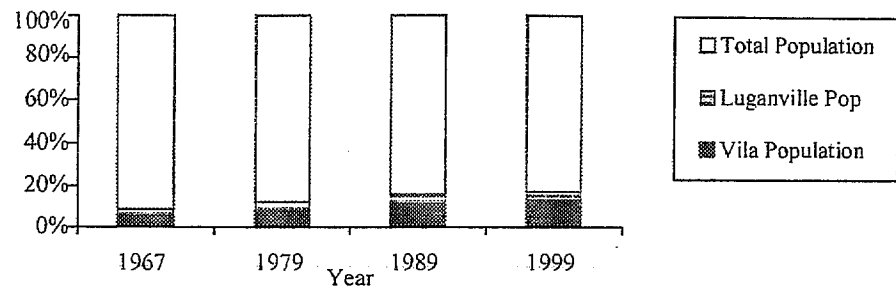
The 1999 Vanuatu National Population and Housing Census ("the 1999 census") showed Vanuatu's population to be 186,678. 146,584 dwell in rural areas, 29,356 people dwell in Port Vila, and 10,738 dwell in Luganville. Whilst Vanuatu's population is predominantly rural, over the past 30 years there has been a steady increase in the percentage of the population that dwells in urban areas, as the graph below shows.

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<sup>7</sup> "Unemployed, Go Back Home!", in: Vanuatu Weekly Hebdomaire. 8 July 2000, p 1.

<sup>8</sup> Personal comment Naomi Bolenga, Decentralisation Review Commission member, 25/6/01.

**Figure 3:**  
**Percentage of Population living in Urban Areas 1967 - 1999**



Source: 1999 census:5.

Vanuatu has the third most rapid population growth rate in the South Pacific region. The 1999 census recorded an annual intercensal growth rate of 2.6%. Its population is expected to double within 23 years (SPC 2000). The population is young, with 42.7% being under the age of 15. This is significant in terms of unemployment and crime in that a large number of youth will be entering the labour force each year.

Whilst the number of people living in urban areas remains small in proportion to the rural population the urban growth rate is considerably higher than the growth rate for Vanuatu as a whole. The annual intercensal growth rate in Port Vila is 4.2%, compared to a national growth rate of 2.6% and a rural growth rate of 2.2%. Whilst the variations in annual intercensal growth rates may seem fairly small, when one considers the cumulative effects the variation is quite significant. This significance is highlighted if one looks at the growth rate over the total intercensal period, as shown in the table below.

**Table 1:**  
**Total intercensal growth rate, 1979 - 1989 and 1989 - 1999**

	Total population	Port Vila	Luganville	Rural
1999-1989	31.0%	55.3%	54.2%	25.8%
1989-1979	28.0%	78.3%	34.4%	22.0%

Source: 1999 Census, p 5.

The dynamics of urban growth, and in particular urban migration, are not fully understood. However, it appears that there is a fairly significant flow of people from the rural areas to the urban areas. The population is, however, highly mobile, and circularity of movement is very common (Haberkorn 1989; Bedford 2973). Even though the dynamics of urban migration cannot be fully ascertained, it is reasonable to conclude from the census figures that a consid-

erable amount of urban migration is occurring. However, migration does not appear to be the main factor causing urban growth. If one considers the national growth rate of 2.6%, as compared to the urban growth rate of 4.2%, the urban growth rate is not double the national growth rate. Assuming the Port Vila has the same rate of births as elsewhere in the country then it would appear that only about 1.6% of urban growth per annum is attributable to urban migration or arrivals from overseas.

The popular perception of the impact of urban migration on urban growth thus appears to overemphasise its importance. It should be noted that, even without urban migration the growth of the population in Port Vila is going to be rapid. If Vila had the same rate of growth as the nation as a whole the population could be expected to double to 58,712 within 23 years. As it is, at the current rate of urban growth, the population in Port Vila can be expected to double within 16.5 years, a difference of only 6.5 years.

### **The labour force and unemployment**

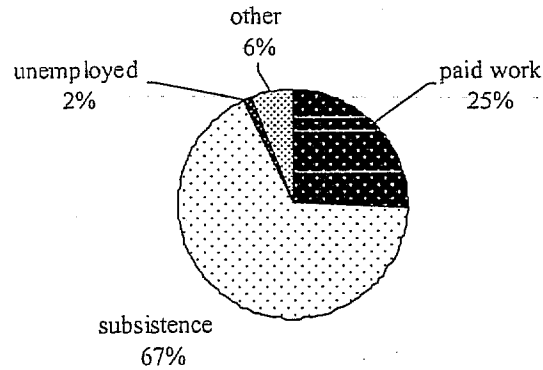
It is very difficult to analyse labour in Vanuatu because there is a paucity of reliable and comprehensive data on economic activity and wage labour. The nature of paid labour in Vanuatu makes it difficult to capture data that accurately reflects employment. Work, particularly agricultural and some tourist related work, is seasonal, creating a situation of normalised structural unemployment. Additionally, the Weberian capitalist spirit or "will to economise" (Lewis 1955: 11) has not been assimilated by all parts of society. As a result there is still a culture of working only for particular needs, such as school fees, and ceasing work when those particular needs are fulfilled.<sup>9</sup>

Censuses are the best source of information on the size of the labour force. However, they only draw the labour force from the pool of people aged between 15 - 64 and, given the number of people who leave school before the age of 15, there is likely to be some participation in the labour force by people younger than 15. Further, their categorisation of economically active and not economically active is problematic, as is their definition of unemployment. Because of the nature of wage labour in Vanuatu, data taken from the period of a single week is unlikely to be entirely accurate. However, that said, the census data does provide us with a general indicator of the size of the labour force. The 1999 census placed it at 76,370, up from 66,597 in the 1989 census and 51,109 in the 1979 census. From population censuses we can also see that the vast majority of the labour force aged 15 - 64 is involved in subsistence agri-

<sup>9</sup> This lack of orientation towards the capitalist economy has been noted as a barrier throughout the Pacific. The most extensive ethno-economic analysis has been carried out in Samoa. Similarities with this situation exist in Vanuatu, despite being of different cultural groups. For further on this point see Pitt 1987.

culture. The 1999 census placed 67% of the labour force into the category of subsistence farmers, although it should be noted that about a quarter of subsistence farmers maintain a garden for both subsistence and sale and thereby participate in the cash economy.

**Figure 4:**  
**Activities of the Vanuatu labour force aged 15-64, 1999**



*Source: Census 1999, p 35.*

Whilst subsistence is the largest 'employment' sector, a number of people are engaged within the formal sector, which is defined in Vanuatu as businesses with a turnover of more than 4 million vatu per annum and the public sector. Employment within the formal sector is usually closely modelled upon a 'western' popular understanding of employment. A number of people also engage in economic activity within the informal sector. The informal sector covers all of those enterprises that are not subsistence but are not large enough to fall within the definition of the formal sector. A variety of small enterprise structures including self employment and family businesses can be found to be operating within the informal sector. It should be noted that the census habit of classifying people who are engaged in both market gardening and subsistence gardening as belonging within the subsistence sphere is inconsistent with other classifications of the economy into formal sector enterprise, informal sector enterprise and subsistence enterprise. More correctly this group of people belongs within the informal sector.

#### *Wage labour*

In recent years there have been several surveys or censuses that have collected data on employment. Of particular note in the field of paid labour are the Labour Market Survey 2000 ("the LMS"), the 1999 census and the Household Income and Expenditure Survey 1998 ("the HIES"). Whilst these three surveys have added to the statistics on paid employment in Vanuatu they still do not allow for easy analysis, as each has resulted in fairly different statistics

relating to paid employment in Vanuatu. The table below provides the number of people engaged in paid employment, either as employees or self employed, by occupation code, from each of the three data sources.

**Table 2:**  
**Paid employment by occupation**

Occupation	1999 census, employment by occupation 15 – 64, as reported in census tables	1999 census employment by occupation 15+ as reported in LMS	1999 census total number working for pay census summary	LMS 2000	HIES 1998 Employment by occupation	HIES 1998 total number working for pay as main activity
Legislators, senior officials and managers	678	842		1315	1768	
Professionals, technicians, associated professionals	3944	4961		3532	7705	
Clerks	1674	1739		1753	2885	
Service and sales workers	3495	4186		2583	4082	
Skilled agriculture, forestry, fisheries workers	1255	1881		460	2848	
Craft and related trades workers	2979	3486		1495	2667	
Plant and machine operators and assemblers	1485	1770		865	2140	
Elementary occupations	2893	3486		2269	4912	
<b>Total</b>	<b>18403</b>	<b>22351</b>	<b>19448</b>	<b>14272</b>	<b>29276</b>	<b>48007</b>

The first point is that the data varies quite widely, and sometimes varies within a single source. There are some reasons for this. The easiest discrepancy to explain is why the LMS data indicates considerably lower employment than the other data sources. The LMS was a census of all businesses that are registered for the purposes of VAT, as well as government, education and finance industry units who are not liable to pay VAT. Only business that earn 4 million vatu or more need to register, so the labour market survey excluded smaller enterprises. Also, obviously, it excluded businesses that have failed to register for VAT. The smaller enterprises were, however, included in the data collection of the other two surveys. The last reported survey on activity within smaller enterprises, in 1995,<sup>10</sup> estimated that there were 8820 workers engaged in work for smaller enterprises. These enterprises included trade, restaurants, kava selling and taxis, buses and other public transport activities, but did not

<sup>10</sup> National Statistics Office 1996.

include paid agricultural work. Of these workers 5404 were estimated to be paid employees. The remaining workers were either unpaid family members who engaged in at least two hours of work per day in the enterprise, or owner/operators. These figures, as well as excluding paid agricultural work, exclude people employed in small scale manufacturing enterprises. It would appear then, that employment within small scale enterprises is largely able to account for the difference found in the data from the LMS and the 1999 census.

Whilst the scope of the data collection may, in large part, be able to account for the difference between the LMS and the 1999 census, there still remains discrepancies in the remaining data sources. To begin with, the 1999 census data has resulted in 3 different reports as to the size of the labour force. In the census summary the amount of people engaged in paid employment is 19,448. This, however, varies from the labour market survey reports of the same statistics. A possible explanation for this is that the LMS report provides data on people aged 15+, whereas the census summary provides data on people aged 15-64. However, this is supposition as the statistics office was not able to confirm that this was the source of the discrepancy. From the table above we can also see that the data tables in the census that 18,403 engage in paid employment. This neither conforms to the census data as reported in the LMS, nor conforms to the census summary. The source of this discrepancy could also not be explained by the statistics department. Given these discrepancies, the data in the census cannot be relied upon as an exact indicator of the size of the labour force. There also remains the question of the discrepancy in the data of the 1999 census and the HIES. Although the HIES was a survey as opposed to a census, and therefore its results were estimates, one should be hesitant to conclude that the 1999 census results are more authoritative. Instead, the actual nature of each of the questionnaires must be examined to see how these figures were obtained.

The first difference is that the HIES does not have any age limitation so is gathering data on a wider pool of people. Second, the 1999 census examined peoples' current work status and the economic activity that they had undertaken in the last 7 days. It does not appear that the HIES took such a restrictive view. In this survey household income and expenditure diaries were kept for a period of a month, and it appears that the income questionnaires that were distributed took a more expansive, and possibly more subjective view, of peoples' average monthly economic activity. In terms of the HIES finding that 48,007 peoples' main daily activity was a paid job, a possible explanation is that this is reporting on peoples' main daily activity in terms of source of money, as opposed to main daily activity in terms of hours spent. This explanation is tenable given that the survey was emphasising the importance of household incomes and identifying the different sources of these incomes. The survey found that salaries

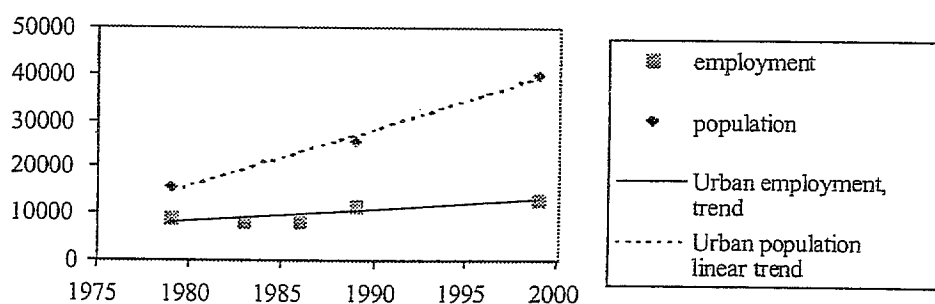
and wages make up 54% of the national household income, as compared to 19% from the production of fruits and vegetables (both for household consumption and for sale) and about 5% from the production of meat and fish. This data suggests that, whilst there is about 22,000 people who are engaged in wage labour on a regular, more or less full time basis in either the informal or formal sector, there is a large pool of people that are engaged in part time or irregular paid labour that self identify as employed. The conclusion to be drawn is that there is a significant number of underemployed people in Vanuatu. Whilst this pool of people may be registered as engaged in subsistence agriculture for the purposes of the census, they are also engaged in paid work when possible. With such tenuous data it is impossible to draw a firm conclusion about the size of underemployment in Vanuatu, however it does strongly indicate that underemployment, although not identified as an issue in any official statistical reports, is significant in Vanuatu.

#### *The growth of the labour force and of wage labour*

It also must be remembered that Vanuatu's population is growing very rapidly. About 3,500 young people nationally are leaving school to join the labour force each year. Of these, around 800 are in urban areas. Whilst the subsistence sector will, no doubt, absorb most of this population, with the result that they are not recorded as 'unemployed', if the labour market does not expand then un- and underemployment is going to grow very rapidly.

However, there have been few signs of expansion of demand for labour since independence. The table below shows urban employment as opposed to population since independence, and demonstrates the growing gap between the number of regular paid jobs and population. As there is no current indication that either trend is likely to change in the near future it would appear that a serious un- or underemployment problem is developing.

**Figure 5:**  
Urban population and employment, 1979 - 1999 (in number of people)



### Crime statistics

Unfortunately there are no reliable statistics on reported crimes in Vanuatu. Nor are there any studies of the level of unreported crime. The Criminal Record Office (CRO) within the Vanuatu police force collates the only statistics on crime.<sup>11</sup>

**Table 3:**  
**Reported Crime 1992 - 2000**

Place	Year								
	1992	1993	1994	1995	1996	1997	1998	1999	2000
Vila					857	1192	857	911	963
Santo						494		483	197
Rural						392		143	263
Total	2012	1657	No data	2024	1671	2078	4920	1537	1423

Source: CRO Annual Reports 1997, 1999, 2000.

The CRO reports, whilst they provide some indication of crimes reported, are a very unreliable indicator of the level of complaints received by the police. First, not all of the rural police stations return their statistics to the CRO. Second, in some of the reports at least, there is no clear distinction between crimes reported, crimes received and crimes established. Further, the content of some of the statistics seems dubious. For instance the statistics state that in 2000, of the 743 crimes established, all 743 were detected, and in 1999, of the 1078 crimes established nationally, all 1078 of the crimes were detected. Such statistics place the veracity of the full report in doubt. Inconsistencies in the data also create questions about its reliability. For instance, the 1999 Crime Statistics variously report the number of people involved in detected crime as being 1027, 1003 and 860.

Although there are no indicators of the level of crime in the country and whether it is increasing the CRO statistics can be used to give a general profile of the nature of crimes being detected and of the people who are being processed by police for having committed crimes. In terms of crimes received and detected, the majority of offences fall within the CRO defined category of crimes against property, which includes unlawful entry and theft. Crimes against the person, including homicide, assaults and threats, is the second largest category. Crimes against morality, including rape and indecent assault and crimes against public order, including drunkenness, unlawful assembly and obstruction are the two remaining categories.<sup>12</sup> The number of crimes reported, by category, shows a similar pattern. However, this data is not a

<sup>11</sup> All statistics in this section are drawn from the Criminal Record Office Annual reports, 1997, 1999 and 2000 unless otherwise referenced.

<sup>12</sup> The average proportion of crimes detected by category from 1997 to 2000 is as follows: crimes against property 52%; crimes against the person 29%; crimes against public order 14%; crimes against morality 5%.

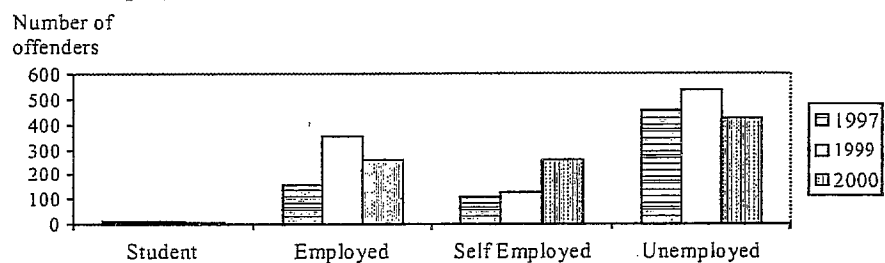
reliable indicator of the actual proportion of crimes committed per category, as there may be reasons for underreporting, particularly in the area of the so called crimes against morality.

In terms of offender profiles the first observation to be made is that the offenders are overwhelmingly male. In 1997 and 2000 about 5% of detected crime was committed by females. This dropped to about 3% in 1999. In terms of the ages of offenders, there is a peak in the 21 - 25 age bracket.

The employment status of offenders is divided into student, employed, self employed and unemployed in the CRO reports. 'Student' refers to any person whose primary occupation is studying in a formal institution. 'Employed' refers to people in paid employment as a main daily activity. 'Self employed' covers people who are engaged in businesses for themselves. It also includes people who support themselves through subsistence agriculture. The category of unemployed covers everybody else.<sup>13</sup>

When compared to 1999 census statistics on the population's employment status, in 1999, only 0.6% of the employed or self employed population was detected as being involved in crime. 42% of people who were unemployed were detected as being involved in crime.

**Figure 6:**  
Employment status of detected offenders, 1997, 1999, 2000



Whilst these statistics show a strong link between unemployment and crime, one should be cautious of relying too heavily on their accuracy. For a start, the CRO interpretation of unemployed is likely to differ from the census definition. The census definition only places people who are actively seeking work into the category of unemployed, which considerably underreports the sector of society that is un- or underemployed. It is likely that some people who were recorded as being employed in subsistence agriculture for the purposes of the census would, if able to self report on their employment status, categorise themselves as unemployed. As the CRO figures rely on self reports of economic activity, this will create distortion. Additionally, there may be a tendency to record people as unemployed when, in fact, they are en-

<sup>13</sup> Personal comment, Corporal Jack Weller; 26/6/01

gaged in subsistence agriculture, as the popular perception of 'employment' relates to employment in the cash economy. However, even taking into account all of these cautions, it does appear that there is a link between un- or underemployment and detected crime.

### **Comments on data**

To return to the perceived model of urban unemployment and crime, the first observation is that the urban migration-growth-unemployment link is not as significant as the popular perception believes. Whilst it is acknowledged that migration is going to increase the rate of urban growth, growth is going to be very rapid regardless of whether urban migration is slowed. Rather than being concerned with urban growth, population growth as a general phenomenon, whether rural or urban should be the focus of concern. As an aside, the contribution of migrants to the rural cash supply by means of internal remittances is probably an important aspect of the rural cash economy. To limit the flow of migrants without ensuring that people in rural areas have the same access to employment and other urban benefits would create a situation of dangerous inequity and is an area in which economic analysis may be able to provide some evidence as to the potential impacts of restricting internal migration.

The second point is that, whilst there is considerable public concern about the growth in crime in urban areas, the public perception of escalating crime may not be accurate. From the data the unemployment-crime link seems stronger, although it still needs to be treated with caution. To focus attention and resources on how to manage crime before ascertaining the nature and extent of the problem, particularly in an environment in which resources are very scarce, is not sound policy.

However, some observations about crime management can be made. The assumption behind the unemployment-crime link is that crime becomes a substitute for paid labour as an economic activity because of the lack of opportunities to engage in paid labour. The nature of detected crime in Vanuatu, being dominated by crimes against property which provide an economic gain, supports this assumption. In order for crime to become a viable economic activity, however, the benefit derived from the crime must be greater than the punishment as a ratio of the probability of being caught. If, however, the benefit of the crime is less than the ratio, then crime as an economic activity is no longer viable. In an environment where the first condition exists and the opportunities for paid employment are scarce, the likelihood of a sizeable illicit economy developing is high. Further, if the benefit derived from participating in the illicit economy is greater than the benefit derived from participating in the wage labour and subsistence labour force, then the illicit economy is likely to attract participants who

could otherwise find a place in the wage labour and subsistence labour force. This then creates a spiral effect - more people participating in crime decreases the probability of detection, which decreases the risk of participating in crime which increases participants, and so on. Crime also becomes institutionalised and thereby normalised. In order to prevent this spiral of crime from occurring decreasing the expected utility of crime is necessary (Eide 1999). Policy discussion relating to policing should bear this in mind. This economic view of crime can be used to complement the work of criminologists, sociologists and others, and, as it provides a substantive framework in which to study the impacts of various policy options, would be a valuable addition to the current discussion on crime and policing. The addition of the economic perspective also allows for analysis of the issue to be extended into the costs of crime on the community as a whole more easily than criminological viewpoints. As economic development through the attraction of foreign investment is an important government policy, and law and order problems can have significant negative impacts on direct foreign investment, such a perspective would seem to have great relevance to Vanuatu.

Although crime problems may be overstated, the one area in which the statistics show that there is a rapidly increasing problem is the area of unemployment. Given the above model of a crime spiral, this creates some concern for future law and order. Unemployment also brings income bias, which in turn can fuel disorder. However, although unemployment is the one area that can be substantiated, it is one area of the migration/unemployment/crime issue that has not attracted much attention.

In discussing how to generate employment the first matter must be to define what is meant by employment. Employment does not only include wage or salaried labour in the formal private or public sector. Opportunities for self employment through micro enterprise must also be considered. However, engagement in subsistence agriculture should not be equated with employment (as opposed to economic activity). The subsistence sector is the base of Vanuatu, on which people are reliant. However, as education and exposure is changing peoples' aspirations, the idea of relying on subsistence agriculture to 'employ' youth that are entering into the labour force is both unrealistic and dangerous. Whilst this sector can expand (although land use pressure limits this expansion) and absorb more of the labour force, it is growing increasingly unlikely that people will be happy to remain in the subsistence agriculture sector, particularly in urban areas where there is greater exposure to 'westernised' lifestyles. Already there appears to be a significant disparity between people identified in the census as being engaged in subsistence agriculture and self identifying as being employed. Even if only engaged in wage earning activities for small periods of time, 'employed' appears to be the pre-

ferred label of identification for a fairly large number of people, indicating that this is a preferable status for some people. Employment, then, is defined as legitimate cash earning enterprise, whether as an employee or self employed. The current approach of equating engagement in the subsistence sector with employment is simply hiding the real dimensions of the unemployment problem and is not a helpful approach.

The question of how to create employment in this sense is a much harder question, which possibly explains why there has not been much focus on this aspect of the problem. Government's current policy focus is 'private sector led development', a common catch cry in development circles internationally. In Vanuatu this has been interpreted to require policies that aim at attracting foreign investment. In respect of employment the idea is that the attraction of foreign investment will provide the capital to set up enterprises in Vanuatu that will require labour, and thus the demand for labour will be stimulated. However, the attraction of foreign investment also relies on sound (uncorrupt) macroeconomic management and political stability. Policies affecting the costs of land capital and labour as factors of production also need to be considered in order to try to provide Vanuatu with competitive advantage in attracting foreign investment. The nature of the labour supply, and in particular the existence of 'capitalist spirit' or orientation towards working is another issue here. Attracting foreign investment and causing growth in the formal sector involves governance issues on the broadest level, and these issues, because of their fundamental nature, are not subject to easy or quick solutions. However, in order to prevent problems associated with unemployment from escalating, Vanuatu requires immediate solutions to the unemployment problem. Whatever the merits of the foreign investment led development path therefore, it seems that developing the informal sector through local micro enterprise seems to be a more readily achievable path to generating employment as it can occur at the same time that the fundamental governance issues are being addressed. It is "supply-led" (McGavin 1997) in the sense that it takes the existing supply of labour and resources and gradually transforms this supply into cash earning employment. To this end training in operating small scale business enterprise needs to be provided. Responsible access to credit also is needed.<sup>14</sup> Although the vanwods credit scheme has provided some access to credit, it is restricted to women and has fairly low membership. Similarly, credit unions are limited in their ability to provide credit for the establishment of micro-enterprises (Busai 2000). These initiatives need to be supported and expanded in order to ensure that ac-

<sup>14</sup> By responsible access to credit it is meant that the levels of credit provided should be managed by the credit providers in such a way as to ensure that the debt does not become unmanageable. Credit should also not be provided for unworkable enterprise ideas. Much like the conditionality attached to international loans from multilateral agencies, so too can credit providers take more responsibility for assisting credit receivers to manage this credit to the best advantage.

cess to money in order to develop micro-enterprises is available. As an aside, we are seeing the emergence of the so called 'third way' in respect of social welfare in industrialised states. The above model parallels such policies, as it is aimed at giving access to the skills required to participate in the cash economy, to people in developing economies.

Most important though, as labour market demand is derived, is ensuring that a market for goods and services exists and/or is accessible, and is being regularly supplied. Currently there is a large imbalance of trade. Local enterprise, in part, could supply the local market that is currently being supplied by imports. "Export co-operatives" whereby individual small enterprises produce goods that then get exported by a central body allow small enterprises to reach international markets. Such an approach to export is being used in Samoa with considerable success, and the usefulness of the model for Vanuatu should be explored. Such a model is particularly useful as both urban and rural people can participate in such co-operatives (depending on the nature of the export good), thereby ensuring that urban areas do not become the sole focus or location of cash earning enterprise. Whether looking at subsistence or export strategies in order to create markets for goods, the focus here needs to be on identifying opportunities for production that are not capital intensive and do not rely on industrialisation.

Whilst some of these policies and approaches are being considered or tried in Vanuatu, currently these employment focussed policies are not subject to much attention. Nor are they discussed in relation to 'social development' problems or issues, an area in which talk of the relationship between custom and introduced systems dominates. Rather, they are marginalised, as economics is viewed to be a 'white man' import and tool for neo colonialism. This attitude is discouraging. For one, the country is placed into a paradoxical situation of desiring economic development without wishing to engage in economic policy dialogue. Second, a valuable tool for the benefit of the country is grossly under-utilised.

### **Conclusion**

This paper has not said anything new about how to generate employment in developing economies that are experiencing transition from subsistence to the cash economy. Nor has it said anything new about the importance of generating employment in order to avoid social disorder. Instead, it has argued from a statistical basis that economic policies, particularly in respect of employment, are of great importance to Vanuatu. Whilst this exercise may seem fairly trite, one must consider the background against which this paper was written. The particular topic of this paper, crime, unemployment and urban migration in Vanuatu, was generated by occasionally hysterical media reports about growing disorder in Vanuatu. The appar-

ent crumbling of Melanesia has helped to feed this hysteria. Although there have been some policy responses relating to crime and the prevention of urban migration, these have been driven by post colonial rhetoric. There has been no attempt to quantify the problem that is being discussed. There has been little attempt to integrate economic policies into the discussion of this issue.

It is this separation of social problems and economic problems that indicates the biggest problem for Vanuatu's development. There is a paradox in desiring economic development but not trusting the use of economic policies, and instead reverting to reactionary post colonial rhetoric as a pretext for analysis. Whilst economic policy is not a panacea, it is not always appropriate and can be 'imposed' by outsiders who do not have Vanuatu's best interests at heart, an unwillingness to enter into discussion about economic policy avoids important issues and approaches to solutions. This both makes Vanuatu vulnerable to unscrupulous outsiders, and hinders Vanuatu's ability to creatively manipulate economic and other models and identify solutions for itself.

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