Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
ABSTRACT

This thesis examines the bilateral aid relationship between New Zealand and Tonga. Its central purpose is to examine the impact aid is having in transforming Tongan society. This involves a critique of both development theory and of New Zealand government aid principles.

The understanding of development and the application of aid by the New Zealand Ministry of Foreign Affairs remains greatly influenced by the modernisation school of thought, which essentially blames certain supposed attributes of Third World peoples for their lack of development. Dependency theorists challenged this view, claiming that Third World poverty was a direct result of First World exploitation through the unequal exchange of commodities. This has had some influence on the use of aid as a developmental tool, but has failed to supersede modernisation theory as the dominant ideology.

The theory of articulation of modes of production transcends the problems of both modernisation and dependency schools. Its main thrust is that the capitalist (First World) mode of production does not immediately dominate the non-capitalist (Third World) mode but rather interacts with it. Such a conception takes cognisance of the influence of indigenous modes in creating new social formations. This is demonstrated through an analysis of the New Zealand financed Banana Rehabilitation Scheme of Tonga.

In order to understand the effect of New Zealand funded aid projects in Tonga, the Banana Rehabilitation Scheme, the largest project funded at present, was used as a case study. The research method demanded a fieldwork component which entailed three months in Tonga in order to collect both historical and archival data only available there. The main fieldwork component was a series of interviews with a cross section of scheme members and other significant actors related to the scheme.

This study of the Banana Rehabilitation Scheme shows that the redistributive aims of New Zealand aid have been undermined by a greater concern with productivity. Emphasis upon the latter has meant that the project has been reoriented in favour of giving greater assistance to those who can produce bananas most easily, those who already had access to land, capital and labour. This category of growers is as much a product of the indigenous social structure of Tonga as of forces impinging from outside.

Although through the banana scheme large amounts of money are being pumped into the Tongan economy, its redistributive effects are minimal. The structure of the scheme is such that many of the major benefits accrue to the already advantaged.
ACKNOWLEDGEMENT

I am first and foremost indebted to my thesis supervisors Ms Kay Saville-Smith and Dr Brian Ponter. Kay, particularly during Brian's absence on sabbatical in 1987, has been a source of inspiration, drive and friendship. Brian’s guidance through his depth of knowledge of development issues has been invaluable over the last three years. I am also particularly grateful to Professor Graeme Fraser, whose encouragement and financial support was greatly appreciated.

I thank His Majesty’s Government in Tonga, for permission to carry out my research, and all of the government departments in Nuku'alofa that provided me with data. I am also grateful to Baron Vaea and his wife Tuputupu, who lent me assistance during those first difficult days in Tonga.

The New Zealand Ministry of Foreign Affairs staff, both in Wellington and Nuku'alofa, were helpful and interested; I am appreciative of their support. I would also like to extend my sincere thanks to Malcolm Cessford and Keith Leonard, who, in their capacities as Project Manager and Banana Production Advisor, gave time and resources. I would also like to acknowledge the assistance of my Tongan tutor, Lesieli MacIntyre and my interpreter Sione Taufa.

My appreciation is also extended to: Donna Cook, Pat Barnett, Barbara Roberts and Anneke Visser, who all had a hand in the typing of the thesis; Wiebe Zwaga, Allanah Ryan and Hugh Oliver, my fellow graduates, who did the proof reading, and the staff of the Turnbull Library, who enthusiastically assisted in finding plates to illustrate this thesis. I also acknowledge the assistance in typing and general support of Bronwyn Klenner.

Without the co-operation of the subjects of this study, the people of Western Tongatapu, my research would not have been possible. To all those with whom I spoke, in various contexts, I offer my sincere thanks.

Lastly, but by no means least, I extend my thanks to Siua, Suli, Fi'e Ilo, their friends and relatives, who opened their homes to me and made my stay in Tonga so happy and successful.

Malo Aupito.
# TABLE OF CONTENTS

**ABSTRACT**

**ACKNOWLEDGEMENTS**

**TABLE OF CONTENTS**

**LIST OF FIGURES AND TABLES**

**LIST OF MAPS, PHOTOS AND ILLUSTRATIONS**

**CHAPTER ONE: AID: THE NEW ZEALAND - TONGA CONNECTION**

Introduction

New Zealand History of Colonial Aspirations

Aid in the Post-Imperialist World

Aid and Modernisation Theory

New Zealand’s Aid History

Aid and its Ideological Framework

The Reality of Aid

Aid and Trade Between New Zealand and Tonga

Opposition to Modernisation and Orthodox Development

Strategies: The Dependency School

Changing Strategies for Development

The Banana Rehabilitation Scheme: A Brief Review

Conclusion

Notes
CHAPTER TWO: WAYS TO STUDY AID TO TONGA

Critique of Dependency Theory

Articulation of Modes of Production

Problems of Empirical Application

Notes

CHAPTER THREE: RESEARCH METHOD

Setting up the Fieldwork

(a) The sample
(b) The interviews
(c) Representativeness

The Research Practice

(a) Access
(b) Culture shock
(c) Negotiating a role with hosts
(d) The language barrier and the need for an interpreter
(e) Keeping a journal
(f) Legitimacy in the field
(g) Photography as a legitimate fieldwork activity

Conclusion

Notes

CHAPTER FOUR: TONGAN SOCIAL STRUCTURE: PRE-CONTACT TO PRESENT DAY

Subsistence Production and Distribution

Struggle for Power: The Tripartite Kingship

Social Distribution of Power: Access to Resources

Increasing Penetration, Centralisation and Commodification

(a) Early trade and missionary influence
(b) Expanding trade networks
(c) Taufa‘ahau restructures Tongan society
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five</td>
<td>The Contemporary Centrality of Land</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>Contemporary Land Distribution</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>Role of Exchange in Land Acquisition</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>Changing Social Relations</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>109</td>
</tr>
<tr>
<td>Six</td>
<td>The Banana Rehabilitation Scheme</td>
<td>111</td>
</tr>
<tr>
<td></td>
<td>Pre-requisites for Scheme Membership</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>The Banana Scheme in Action</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Security of Tenure</td>
<td>118</td>
</tr>
<tr>
<td></td>
<td>Land Holdings of Growers</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Financial Returns to Growers</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Conclusion</td>
<td>127</td>
</tr>
<tr>
<td></td>
<td>Notes</td>
<td>128</td>
</tr>
<tr>
<td>Seven</td>
<td>Labour</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>Labour and the Problem of Production</td>
<td>131</td>
</tr>
<tr>
<td></td>
<td>The Use of Labour in the Banana Rehabilitation Scheme</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>(a) Petty commodity producers</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>(b) Petit bourgeoisie</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>(c) Bourgeoisie</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td>Who Labours and Why?</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td>(a) Kin labour</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td>(b) Proletarian labour</td>
<td>143</td>
</tr>
</tbody>
</table>
Social Relations Within the Scheme                          195
What Does the Future Hold?                                199
Notes                                                      200

**CHAPTER TEN: AID AND INEQUALITY: A CONCLUSION**           203
Social Change, Unrest and Aid: Tonga's Future              203
Dependent Development                                      206
New Zealand: A Commitment to Aid or Unequal Benefit?      208
New Zealand's Future Role                                  210
Notes                                                      211

**APPENDICES**                                            214
A Questionnaires                                           214
B Cabinet Approval for Research                            226
C Telegrams                                               227
D Scheme Administrator's Data                              228

**A SELECTED BIBLIOGRAPHY**                               232
**LIST OF FIGURES AND TABLES**

1.1 Trends in New Zealand bilateral aid to Tonga 1971 - 1987  
(selected years)  
1.2 Structure of exports and imports of the Third World  
1.3 Concentration of exports of selected Third World countries  
1.4 External public debt/GNP: selected Third World countries  
1.5 New Zealand - Tonga trade exchange  
1.6 Trade and partners  
3.1 Record of interview sample  
5.1 Percentage distribution of households and taxpayers by area of land held  
5.2 Land ownership statistics 31 December 1971  
5.3 Land ownership statistics for 1985  
6.1 Grower - ex-grower comparisons for land access type  
6.2 Banana acreage and total landholding by grower  
6.3 Grower by socio-economic position and land tenure type  
6.4 Growers and ex-growers by socio-economic position and land use prior to banana production  
6.5 Gross income from banana exports for present growers  
7.1 Type of labour used by petty commodity producer growers and ex-growers for the four villages and outliers  
7.2 Type of labour used by petit bourgeois growers and ex-growers for the four villages and outliers  
7.3 Type of labour use by bourgeois growers and ex-growers for the four villages and outliers  
9.1 The transformation of non-capitalist social collectivities to class relations  
9.2 Production orientation - kin or capital  
9.3 Tongan social relations as identified within the banana scheme
LIST OF MAPS, PHOTOS AND ILLUSTRATIONS

Map of Tonga 3
First World - Third World trade exchanges (cartoon) 15
Trade versus aid, New Zealand in the South Pacific (cartoon) 15
Use of chemicals in the banana scheme 22
Inspection by scheme administrator 22
Lunch with respondents 63
Tapa beating 85
Tongan family 85
Village scene 85
Opening of parliament 85
A bush allotment 93
Map of hereditary estates and crown lands of Tongatapu 99
Early trading scene 112
Information bulletin to growers (two pages) 116
Banana grower at work 124
Mother and children by boxes of bananas 124
Two wage labourers 145
A packing scene 145
Payday for growers 199
Paying off expenses 199
Differing housing standards 199
CHAPTER ONE

AID: THE NEW ZEALAND - TONGA CONNECTION

Introduction

Since 1970 New Zealand has committed over NZ$42 million in aid to Tonga under the bilateral assistance programme. Repeatedly this figure is cited by the New Zealand Government as indicative of its commitment to development in the Pacific. What is the impact of this expenditure on Tonga? Why is it made? Who benefits? This thesis tackles these problems by examining the largest agricultural aid project financed by the New Zealand government in Tonga, the Banana Rehabilitation Scheme.

Expenditure on aid is frequently presented by some critics as benefitting only the recipient country, but aid is rarely the only form of exchange between those societies engaged in giving and receiving it. Despite the absolute increase in aid allocation between 1975-76 (Table 1.1), New Zealand's aid transfer has been more than counterbalanced by an inequitable trade relationship which has developed since World War II between Tonga and New Zealand in the latter's favour.
Table 1.1: Trends in New Zealand bilateral aid to Tonga 1971-1987 (selected years)

<table>
<thead>
<tr>
<th>Year</th>
<th>NZ $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971-72</td>
<td>250,000</td>
</tr>
<tr>
<td>1974-75</td>
<td>1,600,000</td>
</tr>
<tr>
<td>1977-78</td>
<td>1,900,000</td>
</tr>
<tr>
<td>1980-81</td>
<td>2,707,000</td>
</tr>
<tr>
<td>1983-84</td>
<td>4,300,000</td>
</tr>
<tr>
<td>1986-87</td>
<td>5,000,000+</td>
</tr>
<tr>
<td>1971-87</td>
<td>42,000,000</td>
</tr>
</tbody>
</table>

Source: Ministry of Foreign Affairs, Wellington

Aid consists of direct grants and/or other inputs which contain, at least partially, concessionary components to the recipient country. For most major aid givers direct grants only make up a small proportion of aid. New Zealand's aid tends to consist of budgetary or project assistance. It is also predominantly bilateral rather than multilateral. Over two thirds of New Zealand's bilateral aid goes to Third World countries in the Pacific. Of these Tonga is a major recipient.

Tonga, a state of less than 100,000 people, does not fit the common image of a Third World nation (Bertram and Watters, 1984:373). Its national income, however, clearly shows it to be a poor country. Tonga's GDP per capita in 1980 was T$395. Despite its freedom from formal colonisation, Tonga is very much a part of the global system of capitalism. Tonga's relationship with New Zealand, itself a former colony, is clearly one between First World and Third World nations.
New Zealand's History of Colonial Aspirations

New Zealand's colonial aspirations in the Pacific date back to the late nineteenth century (Gordon, 1960:9-15). However, New Zealand could not fulfil its own annexationist interests without Britain's support and the latter had only limited interests in the Pacific. It was the threat of German annexations which enabled New Zealand to persuade Britain to support its imperialist ambitions (Fieldhouse, 1973:441).

The Cook Islands became a New Zealand colony in 1900. Samoa, a former German colony, was occupied by New Zealand troops in 1914 at the outbreak of the Great War (Ross, 1964:288-304) and was later administered by New Zealand, first under a League of Nations mandate and then in 1946 as a United Nations trusteeship (Thompson, 1967:25). In contrast Tonga was never officially annexed by any power. It was used instead as a bargaining point in the demarcation of spheres of influence between imperialist powers. At the turn of the century the Germans and Americans obtained ascendancy in Samoa in exchange for accepting Britain's influence in Tonga and Nuie (Fieldhouse, 1973:437-456). Thus Tonga and New Zealand were, in the first instance, linked through British imperialism.

A direct relationship between Tonga and New Zealand has been a predominantly twentieth century phenomenon. The nature of that relationship reflects post-World War II trends towards decolonisation and First World attempts to draw former colonies into a global economic, rather than a political, system. Integral to this was the construction of development assistance programmes, which quickly became referred to simply as 'aid'.
Map of Tonga

THE KINGDOM OF TONGA

NIUAFO'OU

NIUATOPUTAPU

TAFAI

VAVAU GROUP

HA'APAI GROUP

TONGATAPU GROUP

NUKUALOFA

EUA

SCALE IN KILOMETRES

Source: Tongan Statistics Department
Aid in the Post-Imperialist World

Aid was developed by the United States as an effective form of leverage during the Cold War. In Western Europe it was seen as mitigating the effects of post-World War II decolonisation and the economic hegemony of the United States.

Aid was connected to the Marshall Plan, which was credited with the rebuilding of a shattered European economy and ensuring the political support of the European nations for United States policy. The 'Nourse Report' later reinforced this by stating that the American export surplus was largely dependent on the aid programme to Europe. Finally the 'Harriman Report' concluded that:

The interest of the USA in Europe, however, cannot be measured simply in economic terms. It is also strategic and political ... If these countries by democratic means do not attain an improvement in their affairs, they may be driven to turn to the opposite direction (Keesings, 1946-48:8989a-8990, reported 20/12/47).

These together established aid as a major implement in foreign policy.

The apparent success of the Marshall Plan in Europe encouraged the adoption of similar principles in the newly independent nations of the Third World. It was believed that injections of capital and technology would allow undeveloped societies to experience an overall increase in their standard of living, interest in western consumer goods and commitment to the democratic systems of the so-called 'free' world. These notions, first embraced by the United States, quickly underpinned the West's international aid policy. They also received intellectual and theoretical validation from theorists aligned with the modernisation school.
Aid and Modernisation Theory

The problem for modernisation theorists and policy-makers was to identify structural and cultural properties which would encourage such development. This involved an analysis of the 'lack of progress' as well as an analysis of 'progress' itself. Economically 'backward' areas in Asia, Africa and South America in the post-World War II era were seen as similar to war-damaged Europe and demanded similar treatment.

Rostow, the best known modernisation theorist, argued that all societies take the same road to development but some progress faster than others. The problem was to ensure that the level of progress became uniform and, according to Rostow, this required instilling entrepreneurial ambition; encouraging sustained capital accumulation and ensuring capital investment (Rostow, 1953). This capital accumulation could be encouraged by direct overseas inputs in 'pre-modern' societies both in the form of aid and private capital investment (Rostow, 1978). New Zealand's continued close alliance with Britain, and a growing affinity with the USA, served to draw New Zealand into using this First World strategy.

New Zealand's Aid History

The Canberra Pact (1944) was the earliest significant expression of New Zealand's concern for the Pacific as a region (Gordon, 1960:201-212). In it Australia and New Zealand stated an intention to encourage the native peoples of the South Pacific to assimilate the benefits of the culture of a 'more advanced people' (Ministry of
Three years later this was subsumed within a wider international initiative. In 1947 the six countries with the highest colonial profiles in the Pacific, Australia, France, Holland, New Zealand, Great Britain and the United States, set up the South Pacific Commission (SPC) (Brown, 1970:15; Ministry of Foreign Affairs, 1972:128-137; Smith, 1970:74-76) expressly to:

encourage and strengthen international co-operation by promoting the economic and social welfare of peoples in the non-self-governing territories of the South Pacific (Ministry of Foreign Affairs, 1974:3).

Initially New Zealand almost exclusively concentrated its efforts on its Pacific territories, the Cook Islands, Niue, Tokelau and Western Samoa. In 1950, when New Zealand became a founding member of the Colombo Plan, these were extended to South and South-East Asia. New Zealand’s involvement in the Colombo Plan was a particularly explicit commitment to modernisation theory and the strategies for development which derived from it:

Colombo Plan aid and similar assistance given on a larger scale by the United States is integrated into the development programmes formulated by the recipient governments and financed in the greater part, from their own resources. These programmes aim to bring about a permanent increase in standards of living in the area, by ensuring that economic development outpaces the growth of population. On such economic development the social and political stability of the area depends as does the part which the area plays in international trade (JHR, 1953:8).

By June 1969 government targeted one per cent of gross national product (GNP) to go towards Overseas Development Assistance (ODA). This placed New Zealand policy in line with the Organisation for Economic Co-operation and Development (OECD) although New Zealand did not actually become a member of the OECD until 1973. The early 1970s also saw the introduction of the South Pacific Aid
Programme which was increasingly emphasised as New Zealand's aid contributions expanded (Debreceny, 1984:207-220). Increasingly, then, New Zealand's bilateral aid role was defined within institutional frameworks; the South Pacific Aid Programme, the Colombo Plan, the Association of South East Asian Nations (ASEAN) and budgetary finance to states with constitutional links to New Zealand.

Aid and its Ideological Framework

Until the early 1970s aid was shaped by principles laid out in the Marshall Plan. However, neither this, nor the more abstract theoretical underpinnings of the plan, were acknowledged. Indeed, aid agencies dismissed theory as ideological. This made any sustained critique of aid strategies and philosophy difficult. The London-based Overseas Development Institute (ODI) refused to publish Theresa Hayter's work on the grounds that it contained an ideological argument. She commented on this when publishing her research independently as 'Aid As Imperialism':

You're falling into the World Bank's error: saying that O.D.I books are not 'ideological' when in fact they are (you know they are), but their ideology is not usually made explicit - although I could give a lot of quotations from O.D.I publications, including mine whose ideological content is pretty clear ... (shall I ?). What's mainly wrong with my latest effort is not that it has an ideological framework, but that it's the wrong one - and perhaps also that it's made more explicit than usual (1971:208).

The ODI and the New Zealand government might maintain the facade of a depoliticised aid institution by refusing to acknowledge that modernisation theory informed aid policy, but there is little doubt that its aid policy took
on board some of the illusions and ideas of development mythology - the myths of progress and "modernisation". Policy has been infected by modernisation theory that sees island states developing progressively, economically, socially and especially politically, towards greater political maturity and responsibility (Bertram and Watters, 1984:383).

Of course modernisation theory itself facilitated the pretence. In many ways it simply embodies people's 'common sense' and this not only serves to make the approach pervasive but also apparently atheoretical and non-ideological.

The Reality of Aid

While the ODI and the New Zealand government have largely avoided critiquing their own aid strategies, the bulwark of those strategies, modernisation theory, has become the focus of international scholarly and practitioner criticism. High concentrations of foreign investment in some Third World countries have led to pockets of industrialisation and agricultural expansion. Even in those countries the notion that the benefits of investment would filter through to benefit all members of society has become discredited. The experience of societies receiving aid and capital investment from the First World, far from modernisation has been marked by increasing impoverishment and depletion of social and economic resources. The gulf between the First and Third Worlds appears to have increased rather than decreased.

Szymanski's extensive empirical data illustrates that an inequitable flow of resources has been the reality of First World intervention in the economies of the Third World. Not only is Third World labour and raw materials exploited directly but also their trade dependency (Table 1.2).
Table 1.2: Structure of exports and imports of the Third World

<table>
<thead>
<tr>
<th></th>
<th>Percentage of Third World exports going to First World countries</th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1955</td>
<td>1970</td>
<td>1976</td>
<td></td>
</tr>
<tr>
<td>All Third World</td>
<td>72.1</td>
<td>73.4</td>
<td>71.4</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>76.5</td>
<td>73.6</td>
<td>68.3</td>
<td></td>
</tr>
<tr>
<td>East and Sth Asia</td>
<td>58.7</td>
<td>63.8</td>
<td>67.2</td>
<td></td>
</tr>
<tr>
<td>West Asia</td>
<td>71.5</td>
<td>75.7</td>
<td>70.8</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>83.7</td>
<td>81.7</td>
<td>82.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Percentage of Third World imports that are from First World countries</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1955</td>
<td>1970</td>
<td>1976</td>
<td></td>
</tr>
<tr>
<td>All Third World</td>
<td>72.0</td>
<td>72.2</td>
<td>67.1</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>74.2</td>
<td>74.5</td>
<td>60.5</td>
<td></td>
</tr>
<tr>
<td>East and Sth Asia</td>
<td>63.3</td>
<td>70.9</td>
<td>59.9</td>
<td></td>
</tr>
<tr>
<td>West Asia</td>
<td>70.0</td>
<td>68.8</td>
<td>76.4</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>82.9</td>
<td>76.6</td>
<td>79.8</td>
<td></td>
</tr>
</tbody>
</table>


Heavy reliance on First World societies is exacerbated by the tendency for Third World countries to be dependent on a single export commodity (Table 1.3). This leaves them particularly vulnerable to the changing interests of trans-national corporations and fluctuations in world commodity prices.
Table 1.3: Concentration of exports of selected
Third World countries

<table>
<thead>
<tr>
<th>Percentage of all exports accounted for by given commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Chile</td>
</tr>
<tr>
<td>Columbia</td>
</tr>
<tr>
<td>Honduras</td>
</tr>
<tr>
<td>Nicaragua</td>
</tr>
<tr>
<td>Kenya</td>
</tr>
<tr>
<td>Morocco</td>
</tr>
<tr>
<td>Burma</td>
</tr>
<tr>
<td>India</td>
</tr>
</tbody>
</table>

Source: Szymanski, 1981:237, Table 7.8.

The indebtedness of the Third World (Table 1.4) is partly a result of this reliance
upon single export commodities. Not all debt, however, has been accumulated through
inequitable trade relations. Much of the Third World's debt represents the expense of
pursuing a development strategy based on modernisation theory which required heavy
capital investment. This was financed either through direct grant aid, which has no
explicit cost, soft loans, or more often through fully commercial loans.
Table 1.4: External public debt/G.N.P: selected Third World countries (millions of U.S. dollars)

<table>
<thead>
<tr>
<th>Country</th>
<th>1970 Total</th>
<th>% of G.N.P.</th>
<th>1976 Total</th>
<th>% of G.N.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>7935</td>
<td>14.8</td>
<td>12392</td>
<td>14.6</td>
</tr>
<tr>
<td>Kenya</td>
<td>284</td>
<td>18.5</td>
<td>688</td>
<td>22.2</td>
</tr>
<tr>
<td>Morocco</td>
<td>713</td>
<td>21.4</td>
<td>2131</td>
<td>24.6</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>146</td>
<td>19.4</td>
<td>642</td>
<td>37.8</td>
</tr>
<tr>
<td>Chile</td>
<td>2066</td>
<td>24.0</td>
<td>3527</td>
<td>39.1</td>
</tr>
</tbody>
</table>

Source: Szymanski, 1981:253, table 7.11

A variety of empirical evidence documents the vast disparities between the First and Third Worlds which have been greatly exacerbated during modernisation programmes (George, 1976; Hayter, 1971, 1985; Lappe, 1980; Linear, 1985; Payer, 1974). Below it will be shown that the relationship between New Zealand and Tonga displays many of the above characteristics.

Aid and Trade Between Tonga and New Zealand

Prior to World War I Tongan trade dependency on New Zealand was being established. Almost 45% by value, of the goods imported into Tonga in 1908 came from New Zealand, compared to 35% from Australia. During the 1930s depression Tonga's imports dropped some 300%, but New Zealand held its share of the market albeit at a reduced absolute level (Colonial Reports Annual 1910 and 1934). During the
inter-war period there was a relatively equitable flow of imports and exports to and from Tonga and in most years Tonga actually displayed a visible trade surplus.

This equilibrium was increasingly disturbed in the post-World War II period. In particular New Zealand's exports to Tonga showed a dramatic increase relative to its imports from Tonga (Table 1.5).

Table 1.5: New Zealand - Tongan trade

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N.Z. exports to Tonga ($T)</td>
<td>4.1</td>
<td>4.7</td>
<td>8.3</td>
<td>11.4</td>
<td>15.4</td>
<td>19.0</td>
<td>27.0</td>
</tr>
<tr>
<td>% of total Tongan imports</td>
<td>35</td>
<td>40</td>
<td>37</td>
<td>38</td>
<td>37</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Tongan exports to NZ ($T)</td>
<td>.919</td>
<td>1.00</td>
<td>1.08</td>
<td>2.00</td>
<td>1.3</td>
<td>4.3</td>
<td>4.6</td>
</tr>
<tr>
<td>% of total Tongan exports</td>
<td>21</td>
<td>32</td>
<td>23</td>
<td>29</td>
<td>36</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

Source: Government statistics departments: Wellington and Nuku’alofa
* Figures unavailable.

During the 1970s New Zealand's exports to Tonga steadily increased. The rising absolute value of imports from New Zealand and the relatively stable percentage of total imports indicated that Tonga became a burgeoning market for First World produce, precisely what was envisaged in the Marshall Plan. The total value of Tonga's exports has increased further over recent years, but the volume of produce exported has
remained static and in some cases fallen and an enormous imbalance within New Zealand and Tongan trade has developed. This has been duplicated in Tonga's trade relations with other partners. It is an imbalance which Tongan's pay for through remittances from kin overseas, other invisible earnings, some budgetary aid and, finally, through calling on foreign reserves.

New Zealand imports predominantly primary produce such as fruit and vegetables from Tonga. Tonga historically relies upon copra which has a volatile world price and is facing continued downward pressure. Tongan imports from New Zealand consist mainly of manufactures, of which tinned meat and other processed foods make up a large proportion. They are increasingly more difficult to pay for. Using the prevailing exchange rate the New Zealand - Tonga trade relationship is presently in New Zealand's favour at a rate of at least 4:1. The net aid transfer serves only as a partial amelioration of the overall resource transfer of over NZ$6.5 million in 1980 from Tonga to New Zealand (Hau'ofa, 1987:9). This situation is not unique (Hoadley, 1977:150). Trade figures for two of Tonga's neighbours show a similar pattern (see Table 1.6).
Table 1.6: Trade and partners (US$ million)

<table>
<thead>
<tr>
<th>Imports</th>
<th>Exports</th>
<th>Main Suppliers</th>
<th>Main customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonga (1979)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$29</td>
<td>$7</td>
<td>NZ 34.3%</td>
<td>AUS 40.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AUS 27.3%</td>
<td>NZ 26.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UK 8.7%</td>
<td>UK 14.3%</td>
</tr>
<tr>
<td></td>
<td>$9.947</td>
<td>$7.917</td>
<td>$2.523</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NZ 34.3%</td>
<td>AUS 24.7%</td>
</tr>
<tr>
<td></td>
<td>$14.82</td>
<td>$12.00</td>
<td>NZ 23.7%</td>
</tr>
<tr>
<td></td>
<td>$9.947</td>
<td>$7.917</td>
<td>$2.523</td>
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<td></td>
<td>$9.947</td>
<td>$7.917</td>
<td>$2.523</td>
</tr>
</tbody>
</table>


It is more difficult to trace other cash flows between New Zealand and Tonga. Nevertheless Tonga appears to be becoming increasingly dependent upon remittance earnings from labour migrants to New Zealand and Australia (Bertram and Watters, 1984a; 1985b; 1986). The apparent remittance flow into Tonga from Tongans labouring in New Zealand may not in fact provide a source for capital accumulation in Tonga. Much of the money remitted finds its way back to New Zealand or goes to other First World countries. Certainly time spent by Tongans in New Zealand stimulates demand for western food and commodities which must be imported into Tonga. The relationship between New Zealand and Tonga displays precisely the inequitable
relationships which Szymanski illustrates. It is likely that these will deepen.

It was, in part, the recognition of this unbalanced economic relationship between First and Third World countries which during the 1960s and 1970s inspired an understanding of development processes other than that expressed by modernisation theorists.

**Opposition to Modernisation and Orthodox Development Strategies: The Dependency School**

Unlike modernisation theory, dependency theory locates the cause of the Third World's apparent backwardness in the growth of a world capitalist system. Instead of underdevelopment being an original state, dependency theorists portray it as the result of a historical process by which the capitalist countries 'developed' through actively 'underdeveloping' what has become the Third World. According to dependency theorists, capital investment from the First World has not lead to 'take-off' but to a progressive appropriation of the Third World's capital and resources by First World investors. Halting this, consequently, is regarded as the key to an accumulation of indigenous surplus and ultimately indigenous development (Frank, 1967). 

This explanation of Third World underdevelopment, while an improvement on modernisation theory, has also proved inadequate. Its monocausal explanation of social underdevelopment fails to recognise the way in which certain groups in recipient societies do benefit from capital investment and aid. There is little doubt that some
Balance of trade, New Zealand - South Pacific.  

NZ-South Pacific Trade Deficit Compared to Official NZ Bilateral Aid, 1978.

The trade - aid relationship?  
Source: Bellam, 1980:12.
indigenous groups accommodate themselves to penetrating capitalist forces and profit from them. Some indigenous groups have economic interests which are closely aligned to the First World (Leigh, 1975:11-22).

Moreover, by the early 1970s it was clear that the experience of underdevelopment around the globe was extremely diverse. Some countries experienced high levels of economic development while others became relatively more underdeveloped. Such diversity cannot be explained with sole reference to some mechanism of surplus extraction by which all First World countries are seen as exploiting all Third World societies.

Changing Strategies for Development

Whatever the theoretical problems of dependency theory it has been evident to most in New Zealand that development strategies based upon the modernisation approach have not lead to 'take off' and improved living standards for all in the Third World.

In 1973 the New Zealand labour government directed not only that bilateral aid be concentrated in the South Pacific but also that the poorest groups within the South Pacific be targetted. The Minister of Foreign Affairs stated that;

emphasis will be placed on development at the "grass roots" level, to help raise the living standards of the ordinary people and provide jobs for them (JHR, 1974:41).
The National Conference on International Aid and Development (March 1974),
also called for a greater recognition of the need for social justice, equality and liberation
of poor peoples. This reinforced growing government sentiment at the time but the
advisory committee set up as a result of the conference in liaison with Foreign Affairs
could not agree on any broad prescription for development. There was a significant
conflict between those who wished to emphasise overall growth and ignore the internal
distribution of benefits within recipient societies and those committed to the notion of
egalitarian distribution.3

Despite this impasse and the refusal of aid contributing nations to acknowledge
that aid benefits were not generally ‘trickling down’ to the common people, aid goals did
become significantly reoriented in the 1970s. Instead of pursuing the goal of
industrialisation, the New Zealand government has focussed on reducing the number of
Third World inhabitants facing absolute poverty. This ‘basic needs’ strategy has been
espoused throughout the 1980s and represents a tacit recognition of the failure of
previous aid strategies informed by modernisation theory. It also represents a response
to dependency theorists demands for more equitable aid arrangements. Nevertheless,
as the 1981 ‘Aid Principles’ defined in the New Zealand government’s guidelines for
project assistance requests show, the contradictions between growth goals inspired by
modernisation theory and distribution goals remained.

The 1981 new Aid Principles4 were designed to ensure that any Third World
projects eligible for New Zealand aid would be;

increasing the productive capacity of the recipient country;

expanding employment opportunities there;
improving the living conditions and welfare especially of people on lower incomes and in rural areas;

safeguarding the interests of vulnerable groups such as women and increasing their capacity to contribute to development;

and also the extent of popular participation in and support for the project (Ministry of Foreign Affairs, 1984:1).

The contradictions embedded here are clear. Increasing the productive capacity of a country does not necessarily mean that there will be greater employment opportunities, more equitable distribution of income, or that groups such as women will achieve any increase in economic independence. Surges in overall productivity have in other contexts very often marginalised already disadvantaged groups (Lappe, 1980; Mosley, 1987). Nevertheless, the Banana Rehabilitation Scheme in Tonga is one of the projects which has been funded according to these principles. The purpose of this study is in part to assess these principles and the degree to which they do in fact provide a practical and achievable guide to aid goals which benefit all Tongans.

Despite the seeming emphasis in these principles on the benefits to recipient countries, the New Zealand government has been concerned to demonstrate to the taxpayer at home that aid is associated with benefits for the giver as well as the receiver (Corner, 1980:216):

New Zealand's bilateral aid is not formally tied to the use of New Zealand goods and services, although to the extent practicable and appropriate projects are normally expected to incorporate an identifiable and significant New Zealand element (Ministry of Foreign Affairs, 1984:5).

On the other hand there is little recognition of the relationship between the wealth of the First World and the poverty of the Third. Despite the acceptance by some of the
analysts of dependency theory expressed elsewhere, for instance, in the Brandt Commission Report (1980), New Zealand aid policy has remained primarily informed by modernisation theory. Factors internal to the Third World are consistently identified as significant barriers to development and the role of aid is conditional upon changes in these internal factors. According to a former senior Foreign Affairs official:

aid is only a small part of the development process and steady progress depends essentially on the efforts of the people in the developing countries themselves and the quality of the leadership their governments provide (Miller, 1984:29-30).^5^ 

Moreover, there is a continued failure to differentiate adequately between effects and the benefits of aid. The New Zealand government, while tacitly recognising in its policy shifts in 1973 and 1974, that aid may exacerbate inequalities within recipient societies which may indeed be determined by elite groups within those societies, has not attempted systematically to address such problems. Instead in a fruitless attempt to appear atheoretical and apolitical Foreign Affairs adopted a ragbag of ideas derived predominantly from the modernisation school. New Zealand policy still mirrors philosophies first developed in the Marshall Plan. Aid, while presented as a moral imperative, is determined according to broad Western strategic interests and more immediate political or economic returns to New Zealand^6^.

In considering the effects of bilateral assistance programmes these contextual features are important but one must consider the nature of particular projects and the societies into which they are introduced. In Tonga the Banana Rehabilitation Scheme is the largest single project presently funded by New Zealand. An investigation into its history and effects serves to demonstrate both the nature of the relationship between the First and Third Worlds and the meaning aid has for recipient societies.
The Banana Rehabilitation Scheme: A Brief Review.

In attempting to meet the objectives for aid contributions laid down in 1981, the External Aid Division (EAD) of the Ministry of Foreign Affairs has oriented its programme around project aid. This is regarded as the best means by which widespread change may be effected at the grass roots. The 'Renewed Banana Revitalisation Scheme' (RBRS) is one of those projects and is not the first to attempt to revitalize the banana industry. The EAD, in conjunction with the Tongan Government, had been involved in relatively small scale attempts to increase banana production throughout the 1970s. They have had only limited success.

Banana production in Tonga experienced a boom in the mid-1960s. Because of the rapid increase in disease, however, it could only be maintained with the heavy use of pesticides and fertilizers. The greater expense made production less attractive to farmers and production never regained the peaks experienced in the 1960s. The Tongan Ministry of Agriculture continued in its efforts to revive the banana boom, particularly since the depression of copra prices. Consequently a Banana Working Committee was set up in 1977 to consider reorganisation. This culminated in a proposal that the New Zealand Government be asked to fund the recommended project which was published in *A Review of the Banana Export Industry in the Kingdom of Tonga* (Banana Working Committee, 1979). A formal request was forwarded in October 1979.

The scheme was assessed under the New Zealand EAD's terms of reference. A confidential report, *The Likely Impact of Some Critical Factors* (Brook and
Sorrenson, 1981), estimated that the project would cost NZ$5 million over five years. The particular goals of the scheme were:

- Self help and self sufficiency through encouraging foreign exchange earnings;
- creation of job opportunities;
- improved living standards at village level;
- improved productivity;
- more rapid uptake of technology;
- greater awareness of market requirements (Brook and Sorrenson, 1981:9).

The intention was that an exporting banana industry be self-supporting within five years. Bananas purchased from plantations registered under the scheme were to be exported. Those not attaining minimum export quality would be rejected the producer being denied incentive payments. Capital equipment, expatriate expertise, extension programmes and input subsidies of chemicals and fertilizers would all be supplied under the scheme. The subsidized supply of chemicals and fertilizers would, however, be phased out over the life of the scheme.

Participation in the scheme was restricted. All growers had to have at least two acres of bananas within the first eighteen months of the scheme's operation and new plantations had to be planted with approved planting material. Growers unable to meet the minimum average export yield or who ignored instructions from the Banana
Services Section of the Tongan Ministry of Agriculture Forestry and Fisheries (MAFF) were all likely to be deregistered (Memorandum of Understanding, 1983).

The scheme got under way officially in early 1983 and at regular intervals the EAD sent consultants (usually economists) to analyse its progress. Despite claims of a commitment to generalised social improvement it was not until the Fifth Review Mission in April 1985 that any comment was made on the schemes social impact:

It was possible in the time available to obtain only a superficial impression of the social impact of the project at the family and village level. This task needs to be undertaken as a separate formal exercise (Fifth Review Mission, April 1985:32).

By late 1987 this exercise had still not been initiated. Furthermore, perceptions of what such a study would entail appear to have been extremely limited. A Fifth Review Mission member stated in relation to my proposed analysis that it was

better to measure numbers of new trucks, bikes, houses, videos etc going into the rural areas (Personal correspondence, July 1986).

The delay and the suggested limitation of assessment to the possession of Western capital and consumer goods confirm Hoadley’s claim that there is a reluctance among New Zealand aid administrators to give prominence to the redistributational aspects of development, or even to evaluate systematically the effects of such aid projects on the development of recipient countries (1977:153).

The concern with the the impact of the scheme on the attributional characteristics of scheme members reflects a retreat into the raw empiricism characteristic of aid assessment informed by modernisation theory (Food and Agriculture Organisation, 1955:paper no 52). Knowing how many vans have been purchased by
Chemical and fertilizer application are an integral part of the banana scheme.

The Banana Production Advisor on an inspection visit during a picking and packing day.
scheme members does not provide an understanding of the scheme’s effect, unless such data are within a relational framework of analysis in which people’s social position, degree of economic security, life history and probable life trajectory are mapped.

Attributional approaches ignore the fact that the effects of any scheme are mediated by structure and processes in place prior to the scheme’s inception. Without an understanding of productive relations, political structures and kinship relations there is little chance that a scheme’s impact can be determined.

Conclusion

The inequitable relationship between the First and the Third World has deepened since the adoption of aid strategies in the late 1940s. Given that aid is a significant proportion of Third World income it is increasingly necessary to ensure that aid offers a route out of this impoverishment. This demands a more critical analysis of the impact of aid upon the Third World involving a detailed analysis of the social processes at work in both the donor and recipient society. Such an approach must be informed by theory rather than the raw empiricism that has pervaded the field of aid assessment until now.

The Banana Rehabilitation Scheme is, by virtue of its sheer size of investment, a candidate for an analysis of the social relations impinging upon and the effects of aid. After five years of operation it will have cost the New Zealand government about NZ$5 million. This is a relatively large slice of the almost NZ$50 million that New Zealand will
have contributed in aid to Tonga between the early 1970s and 1987. Superficially, such a large monetary outlay would seem to imply a strong commitment on the part of the New Zealand government to development in Tonga. The meaning of that commitment can only be assessed by its outcomes.

NOTES

1. The Kingdom of Tonga is an archipelago of approximately 150 islands spread over 700,000 square kilometres of the Pacific Ocean (36 of which are inhabited). The total land area of the archipelago is about 700 square kilometres. It is situated in the South West Pacific, between 18 and 22 degrees longitude and 174 to 175 degrees latitude, 700 kilometres east-south-east of Fiji and nearly 2,000 kilometres north-north-east of Auckland, New Zealand. The main island Tongatapu, is 257 square kilometres and contains over sixty per cent of the Kingdom's population of 94,534 (preliminary census figures, January 1987). The capital, Nuku'alofa, which is the centre of commerce, the main seaport and the seat of government is on Tongatapu. The population of Nuku'alofa is over 25,000 and growing rapidly due to high natural increase and internal migration.

2. Some nineteenth century governments transferred money at concessionary rates to their colonial governments, known as grant in aid. Such grants were not equated with any moral imperative, often being used to fund the maintenance of colonial control. 'Pump priming' capital investment into Latin American countries during the 1930s was an attempt to invigorate the stagnant world economy. Aid as we know it today is a post-World War II phenomenon (Mosley, 1987:11-21).


4. The Principles Guiding New Zealand's Bilateral Development Assistance Programme

   i. New Zealand's Development assistance is directed primarily to the Island states of the South Pacific and is designed to help meet their specific requirements: the second area of concentration is South East Asia and in particular the countries belonging to A.S.E.A.N.
ii. Bilateral Assistance is provided by the Government in accordance with New Zealand's capacity and in response to specific requests made by recipient Governments on the basis of their own plans and priorities either directly or through regional institutions.

iii. The principle purpose of New Zealand's development assistance is to help promote the economic and social development of the recipient countries, by expanding their capabilities to raise the living standards of their peoples.

iv. New Zealand development assistance is normally provided from New Zealand itself; New Zealand goods and services are used wherever this is compatible with the principle purpose.

v. A project to be assisted under the New Zealand programme should have specific development objectives that are to be achieved within a specified time and with specified resources: after that time it should be possible for the project to be carried on by the recipient country from its own resources.

vi. Considerations taken into account by the Government in deciding what requests to respond to include the contribution to be made by a project to: [These are given in the body of text.]

5. This paper was presented to a Rotary meeting and internally circulated to a number of Foreign Affairs staff as a position paper.

6. Bertram and Watters (1984) incorporate these global considerations when mapping out the objectives of New Zealand foreign policy in the South Pacific.

   i. Political stability of the island states.
   ii. Maintenance of an international system of security and defence.
   iii. Economic growth and development of the island states
   iv. Maintenance and improvement of reasonable conditions of social welfare.
   v. Availability of a relatively cheap source of labour.
   vi. Provision of fruit and vegetables to New Zealand.
   vii. New Zealand's defence role in ANZUS, its responsibility for the defence of the South-West Pacific.
   viii. A third world debt crisis is a threat to the western and world economy.