

# CHAPTER 4

## Development Strategies for Smaller Island States and Territories: An Ecological Approach

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**Godfrey Baldacchino**

### 4.1 Introduction

The Mediterranean basin will find it difficult to even contemplate an ecological approach to development. With high populations concentrated on coastal regions, massive waves of tourist visitations all the year round, and now with a regular stream of immigrants from the Middle East and North Africa, the region appears to be locked in a development paradigm that threatens its natural assets. On the other hand, many island territories in the region are challenged by wholesale depopulation or serious demographic imbalances that threaten their survivability. This chapter explores the economic versus ecological development paradigms as they apply to islands, with special reference to the Mediterranean basin.

What set me thinking about this topic was a foreign landscape that was, nevertheless, vaguely familiar. It was September 2000, and I was on a bus, taking the 90-minute journey from Chania to Rethymnon on the Greek island of Crete. It was sunny and humid. The route was mainly open countryside, with occasional rubble walls of limestone, and large sections of garrigue dotted with hundreds of olive and carob trees. This island, the 5<sup>th</sup> largest in the Mediterranean, with its half a million inhabitants residing mainly on its extensive north shore, has been snubbed by

industrialization. This, I suddenly realized, is how Malta, my own birth island, most likely would have looked before we ‘developed’ it: a euphemism for a radical reshaping and domestication of the natural landscape through feverish quarrying, construction and landscaping. Could Malta have done differently, I asked myself? Or was Crete just catching up with Malta in any case (Baldacchino, 2000)?

Much of the literature on the development prospects of small, often island, jurisdictions is steeped in pessimism, driven by a serious concern as to the ability of such players to exploit the opportunities of an increasingly globalized world and its emergent liberalized trade rules. It is common to argue that small size, islandness, vulnerability, and a low governance capacity conspire to exacerbate the existing marginalization of small economies, and is a condition which therefore calls for special treatment. These arguments, however, are by no means uncontentious, and are part of an ongoing debate (*e.g.* Briguglio, 1995: 1615-1620; Encontre, 1999: 265; WTO, 1999 and UNCTAD, 2004 for sympathetic reviews of the special concerns of small economies; and Srinivasan, 1986; Streeten, 1993; Easterly & Kraay, 2000; and Page & Kleen, 2004: 82-90, for opposing reviews). I am likely to be associated with a more optimistic view

of the prospects for these territories and their citizens, who continue to exploit opportunities and maximize economic gains in a turbulent and dynamic external environment. Unable to reap economies of scale, they practise economies of scope. They do so also by keeping alive a portfolio of skills and revenue streams which enables these actors to migrate both inter-sectorally, as well as trans-nationally (e.g. Baldacchino & Bertram, 2009).

While recognizing the real environmental threats of being a small, open, often islanded economy – hurricanes, droughts, sea level rise, water shortages, waste ‘mountains’ – some small economies have done well and continue to do so. They are ‘developed’, or have ‘graduated’, not so much for having avoided major hazards, but for having risen up to their challenge and prospered, because – and not in spite – of their openness, perhaps becoming more resilient and nimble in the process.

In a globalized and interdependent world, all countries today face threats and dependencies. All oil and gas importing countries have rediscovered their dependency on fossil fuels with the recent price hikes in these resources. Autarchy is hardly a policy option, and so some measure of trade dependence is a characteristic of contemporary jurisdictions. It is the responsiveness to threats – not the existence of threats *per se* – that deserves kudos and analysis. The capacity to get up and move on in the face of various disasters deserves being celebrated and researched. Nor should such successes be simply dismissed as ‘special cases’ (as the Seychelles are described in Kaplinsky, 1983) or ‘paradoxes’ (as is the ‘Singapore Paradox’ in Briguglio, 2002) that fly in the face of all-too-obvious vulnerabilities: they deserve critical recognition and serious scrutiny on their own terms.

A series of patterns and conditions for development

may emerge from a scrutiny of what are understood to be smaller developed island states and territories today. Some of these characteristics will be peculiar and idiosyncratic to specific jurisdictions, of course, but others may lend themselves to some useful, policy relevant, comparative inquiry.

## 4.2 Basket cases of success

Which smaller island countries in the world today are considered ‘successful’, and not just in orthodox economic terms? At least two sub-sets can be identified here. First, are the sovereign states of the Bahamas, Barbados, Cyprus, Malta and Mauritius. One could add New Zealand and Singapore as well – if we go beyond the threshold of 1.5 million population, and up to just over 4 million. These are all stable, prosperous, sovereign and democratic polities, and all are former British colonies. Secondly, there are such sub-national jurisdictions such as Åland, Bermuda, Guernsey, Jersey, Isle of Man... again, most (but not all) are associated with the British Crown/ United Kingdom. Many have crafted a future that is based on niche (inclusive of second home) tourism, along with banking and financial services. One may venture to argue that smaller size, certainly in the case of the territories identified above, has *not* been a crucial handicap to development, nor has islandness or peripherality. Strong levels of social capital and outward facing cultural attitudes would also contribute to a dynamic economy, able to respond confidently to opportunity (Baldacchino, 2005; Srebrnik, 2000). Meanwhile, for most of these jurisdictions, and certainly for the smallest, high population density per unit land area comes across as a common feature, and all, except the largest identified (New Zealand), have an insignificant agricultural sector.

Islands that are political units are also geographical enclaves that tend to have higher population

Land Mass	Population (A)	Land Area (km <sup>2</sup> ) (B)	Population Density (A/B)
1 – Eurasia, America, Africa, Australia	6,550,435,000	136,071,330	48
2 As (1) above, less Australia	6,530,000,000	128,453,330	51
3 - All Island States and Territories	588,807,050	6,263,612	94
4 - As (3) above, less Greenland	588,752,050	4,088,000	144

Table 4.1: Comparing population densities: continents versus islands

densities than mainlands, since offloading people across the sea remains more problematic than offloading them onto a contiguous land mass. Moreover, around half of humankind dwells on or near coastal regions, because continental interiors are disadvantaged locations for settlement. These preferences are evinced from the much higher mean population density for islands than for continents. Excluding the large but practically empty mass of Greenland, and idiosyncratic Antarctica, island units have a mean population density of 144 persons per km<sup>2</sup> – *three times* the mean value of 48 persons per km<sup>2</sup> that one obtains for continental Eurasia, America, Africa and Australia combined (Table 4.1).

There is however another distinguishing feature of islands, and one that connects us with the inclusion of New Zealand in our listings. This island jurisdiction emerged as ‘settlement colony’ in the Modern age, absorbing surplus population from the colonial homeland (Warrington & Milne, 2007; King, 2009), but it remains characterized by a *low* population density of just 15 persons per km<sup>2</sup>.

If one is looking for extreme cases of population density, examples of *both ends* of the continuum are to be found on islands. In other words, island states and territories do not just provide scenarios of very high population density – with places like Bermuda, Malta and Singapore

topping the list. They also provide examples of land areas with very low population density, as well as the *only* examples of completely de/unpopulated, geographically discrete areas on the globe. “*Uninhabited’ is a word attached only to islands*” (Birkett, 1997: 14). These locales are attractive and have their own value, one that exploits their often unique natural qualities and apparent ‘underdevelopment’, for the purpose of more sustainable living, exclusive retirement locales and/or niche tourism.

### 4.3 Two distinct paradigms

Most of what are seen as successful island jurisdictions today have managed to avoid extensive resorts to industrialization, and the environmental fall-out that such a development trajectory unwittingly implies. This is not to exclude the environmental degradation that can result on small islands from excessive dependence on one mineral resource - as in the case of Nauru and its phosphate, and Malta because of limestone quarrying. However, other than Malta, Fiji and Mauritius, no other smaller island economies have embarked on any significant industrial programmes, thus often managing to ‘leap frog’ from primary to tertiary sector production in a few decades (e.g. Baldacchino, 1998). This development path, jumping straight from

agriculture to services, often in the space of just one generation, avoids the industrial rustbelts and derelict factory landscapes that now characterize cities or regions whose manufacturing industries have declined or disappeared.

Having said that, many of these successful smaller island jurisdictions today find themselves operating within two distinct and quite diametrically opposed development paradigms. In a variant of 'the Triple Bottom Line' – an approach to decision making that considers economic, social and environmental issues in a comprehensive, systematic and integrated way – this paper focuses on just the two 'e' terms in this configuration, relegating the status of the third, social dimension to that of an intervening variable.

The first batch is typified by dynamic, aggressive and competitive export producers who can depend on strong knowledge and finance capital pools. Such locations typically have high population densities, limited land areas, large pools of immigrant labour, considerable foreign direct investment, significant manufacturing sectors and extensive overseas investments, but poor and degraded local natural environments (if any exist) and higher per capita carbon footprints. 'City states' such as Hong Kong, Malta, Monaco and Singapore - as well as larger countries such as Japan - are leading examples (e.g. Debattista, 2007). These would have usurped the "*slowcoach of agriculture*", given the absence or low political clout of a rural hinterland (Streeten, 1993: 199). This could be, in turn, an outcome of poor soils or difficult terrain unsuitable for commercial farming. This cluster of features can be labelled as the *economic development* approach.

In contrast, the second batch of examples is typified by island locales that flaunt their clean, serene and pristine natural environments, often accompanied by distinctive cultural practices associated with

indigenous communities. Low populations and low population densities, perhaps supported by remittances and transfers from elsewhere, help to maintain this more environmentally sustainable lifestyle, which in turn promotes a potentially more nature friendly, more exclusive, tourism industry (however, for a critical view, see Gössling, 2003). Iceland, New Zealand but also Dominica, Greenland, Molokai, Samoa, Seychelles, Tobago and the Faroes are apt examples, and are internationally recognized as such (e.g. National Geographic, 2006). Many of these locales are associated with states that have dedicated significant portions of their land and/or sea to nature parks, or have maintained their natural forest, tundra, taiga or permafrost cover. For example, five Micronesian governments (Palau, followed by the Federated States of Micronesia, the Republic of the Marshall Islands, the US Territory of Guam and the US Commonwealth of the Northern Mariana Islands) have pledged a commitment to effectively conserve 30% of their near-shore marine resources and 20% of their terrestrial resources by 2020 (Nature Conservancy, 2008). This second cluster of features can be labelled as the *ecological development* approach.

The main features of, and differences between, these two approaches are schematically described in Table 4.2. Interestingly, different parts of the same country can exhibit these sets of features: in archipelagic Japan, for example, metropolitan high density Honshu is contrasted to Yakushima Island (World Heritage Site) and the sacred island of Miyajima. The same can be said for the Bahamas, where two-thirds of the population lives on New Providence, which has just 3% of the country's total land area. In Indonesia, the Moluccas (or Spice Islands) have a population density of 20 persons per km<sup>2</sup>; contrast this to 2,070 on Java.

The contrast between these two sets of island features can also be discerned from the same geographical region. In the island rich Mediterranean, for

Economic development	Ecological development
High population density	Low population density
Entrepôt islands	Fortress islands
Limited, fragmented and strained natural resources	Significant, unadulterated and pristine natural resources
Aggressive exporters (mass markets)	Choosy exporters (niche markets)
Mass tourism appeal	Exclusive tourism appeal
High carbon footprint	Low carbon footprint
High urbanization	Low urbanization

Table 4.2: General characteristics of economic and ecological development

example, population density ranges from a high of over 1,200 per km<sup>2</sup> for the Maltese Islands to 68 for Sardinia and just 32 for Corsica: in the latter two cases, a rugged topography and associated landscape makes settlement, as well as farming, more challenging, and difficulty of access conserves a rather unspoilt interior.

It thus appears that geography and history conspire to render islands differently suited for development strategies. On the basis of the typology suggested by Warrington and Milne (2007), island entrepôts have acted as magnets for significant incoming and circulating population movements and diversity; they are well placed to exploit their 'in betweenity' to accumulate fiscal, human and material capital for development. They are challenged to come up with solutions to the pressing problems resulting from an acute lack of space and associated high costs of land (e.g. The Economist, 2006). This would include a brand of tourism that is more appreciative of built environments, socio-cultural townscapes and urban living. They are well honed to take upon themselves an economic approach to their development.

Meanwhile, other islands appear better suited at

keeping newcomers away, making access to their shores more difficult, tortuous, time-consuming, challenging or otherwise risky. These conditions suggest that an ecological approach to development may be a more natural option for these to follow. Connell and King (1999: 3), echoing Churchill Semple (1911), observe that islands which find themselves at important crossroads - in a "*nodal location*" - tend to attract immigrants and may thus be challenged by overpopulation, whereas those which find themselves isolated, on the periphery, may be thus better adept at sending people away and may suffer stagnant or declining populations in the outcome, risking depopulation.

That there should be at least two contrasting 'development paradigms' in the first place may belie a basic misunderstanding about the very nature and expression of development. The leading examples of *economic* development, with their significantly negative environmental impacts, may not be successful over the longer term. Their success may often depend on the ability to lure value added from away, while exporting negative externalities offshore. The examples of *ecological development* (if any such term can be used, since the clause comes

across as an oxymoron), in contrast, typically maintain much lower environmental footprints. Dahl (1996: 49) reminds us that, in spite of “the ‘eco’ as a unifying concept...the chasm between economics and ecology is a symptom of the malfunctioning of modern society which threatens our very future”. Given the strong sense of place that they engender, islands are ideal spaces to experience the pernicious and dysfunctional chasm between these two separate ‘ecos’ (Depraetere, 2008: 20).

If we are to posit these two sets of island candidates as success stories, then we need to be better able to critically but cogently identify what led them to assume such a status. Are there (other) discernible patterns behind either of these two, apparently diametrically opposed, trajectories of success? Which political episodes (including crisis?) and dynamics (including non-democratic processes?) have galvanized these island societies and economies towards competitive economic or ecological prosperity? What particular set of goods and services have permitted these jurisdictions to occupy and secure export markets? What human resource development policies have they pursued? What beneficial links with their respective diasporas have they fashioned? How have they exploited bilateral and multilateral agreements via shrewd (para)-diplomacy and international relations? Have higher education, tourism, financial services and niche manufacturing been important contributors to economic growth? Is there an active concern with sustainability and visions of a future that will lower fossil fuel dependency? These are some of the questions that beckon further island studies research.

A second set of questions is also pertinent. These questions would connect with considerations or opportunities to shift gear from one developmental approach to another. What does

one do if a particular island territory wants to be successful on *both* these development fronts? Can one be both economically *and* ecologically successful, and be known globally for both? Can an island be both green and clever at the same time, balancing tensions between modernizers and traditionalists (e.g. Grydehøj, 2008, in the case of Shetland). Or is this ‘best of both worlds’ scenario only a myth, possible only via a deliberate foray into marketing spin and camouflage? Could especially archipelagic island states — such as the Bahamas, Fiji, Maldives, Malta, Seychelles, Tonga, St Vincent and the Grenadines - but also mainland states with outlying island units – such as Croatia, France, Greece, Italy, Spain, Tunisia and Turkey in the Mediterranean - zone their territory in such a way that they can pursue differential development strategies via geographically delineated (that is, enclaved) policies?

#### 4.4 Economic success

The *economic* road to success is the easier to chart, because it follows well-worn, conventional principles and definitions. Standardized economic statistics rank countries according to gross national/domestic product or purchasing power parity standards. Wealth is often defined in such terms as GNI/GNP/GDP per capita, with purchasing power parity. Smaller, often island, territories do exceptionally well on these counts. In their analytic critiques, Armstrong *et al.* (1998: 644), Easterly and Kraay (2000: 2015), and Armstrong & Read (2002) agree that smaller (and mainly island) jurisdictions actually perform economically *better* than larger (mainly continental) states. Moreover, comparative research has shown that, on average, non-sovereign island territories tend to be richer *per capita* than sovereign ones (Poirine, 1998; Bertram, 2004). The citizens of French Polynesia, Aruba, Bermuda and (until recently) Iceland, have been counted amongst the world’s

top ten richest people, in terms of these conventional standards (*The Economist*, 2003). Armstrong & Read (1998: 13) have also argued that many of the smaller states – most of which are island or archipelagic territories - have managed to compensate effectively for their smaller size by a high quality of “*endogenous policy formulation and implementation*”. Earlier, Katzenstein (1985) had made similar remarks in relation to smaller European states.

Island-specific literature suggests five policy areas as being critical ingredients in shaping prosperity, economic development-wise (e.g. Milne, 2000). Contestation over ‘who does what’ in these economic policy areas is typically tense, especially in federal political systems, and may in itself lead to demands for more self-rule, its withdrawal or its renegotiation between the parties concerned. These powers are premised on effective governance: however, unlike other models that seek to explain the principles behind revenue flows to island economies, these policy areas depend much more on the proactive nurturing of specific, local, jurisdictional capacities or local powers (Baldacchino, 2006a). They comprise the management of external relations “... *by means of domestic policies and governing institutions*” (Warrington, 1998: 101). These five select policy areas are: (1) powers over finance, mainly banking, insurance and taxation; (2) powers over environmental policy, particularly natural resources; (3) powers over access, particularly in relation to air and sea transportation; (4) powers over free movement of persons; and (5) powers over tourism policy (Baldacchino, 2006b; Baldacchino & Milne, 2000). Looking at these policy areas more holistically, Bertram and Poirine (2007: 362) conclude that “...*the combination of offshore finance and high-quality tourism stands out as the strategy of the most successful island economies*”.

## 4.5 Ecological success

The defining characteristics behind *ecological success* are much more elusive. They typically include low population figures enjoying longevity and healthy low-stress lifestyles, low urban footprints, large concentrations of undisturbed habitats, pristine and unfragmented landscapes, rich air quality, and abundant local fauna and flora that are not exposed to risk of disturbance and degradation. But one needs to be careful that such features are not (mis)construed as those of a primitive, late-coming, underdeveloped economy, intent on achieving economic success, even at considerable ecological cost.

The European Union has been extending significant funding to regions that are threatened by depopulation or low population densities. This has been done mainly via two complementary thrusts. The first is an investment in infrastructure which would make access to the mainland or metropolitan heartland cheaper, safer, easier and faster, improving the sustainability of island and other remote communities, while boosting their attraction to visitors and second home owners. The second is an investment in information technology, including broadband, which will assist cross-border, transnational and interregional co-operation, broaden access to all kinds of data, and facilitate the growth of remote employment. There are three main dangers associated with such strategies. First is an excessive dependence on EU-driven initiatives which may dampen entrepreneurship and private enterprise. Second, other, potentially successful, projects would be abandoned, or not pursued with the required zeal and perseverance, in the face of the near certainty of such external funding, resulting in a less diversified economic structure. Third immigrants, second home buyers and seasonal residents are not always made to feel welcome by the host community, leading to some interesting tensions between ‘come heres’ and ‘from heres’ (e.g. Cohen, 1987; Marshall, 2003).

## 4.6 Trajectories

The trajectory from ecological towards economic development is often a victim of the sheer momentum of democratic politics. Once local residents start buying into the tourism industry, they develop an interest in increasing tourism numbers, hoping to tap into the accruing wealth by landing an additional job or contract, or else offering that one additional bed, meal, tour, or souvenir, a dynamic well explained in the ‘development phase’ by Butler (1980) in his Tourism Area Life Cycle model, or by the ‘Tragedy of the Commons’ as outlined by Hardin (1968). But more tourists does not necessarily translate into higher local value added, especially when a locale’s exclusive charm is eroded and the local environment becomes irreparably degraded with the impact of tourist invasions. Diminishing returns are a real threat, especially on the smallest islands. Politicians may be loathe, or find it difficult, to adopt unpopular measures that may, or are seen to, thwart the ‘trickle down’ benefits – such as rents and employment - that may accrue from this industry.

Still, in spite of these real political challenges, there are a few examples which suggest a fairly successful brake on the normal expansion of tourism and its creeping penetration on a smaller island’s infrastructure, economy and society. In the Seychelles, the more distant islands in the sprawling archipelago are more expensive to visit. In St Barthélemy, a French territory in the Caribbean, the short runway ensures that only a few rich millionaires can visit. In Italy, Spain, Greece and Turkey, some islands are for sale. It is much easier for sub-national island jurisdictions to adopt and maintain an ecological approach to their development than an independent state. This is because they can be zoned for such a

purpose, while other economic development related activities can take place elsewhere, presumably in the metropole. There are three general ways in which such islands have been carved out and enclaved.

### 4.6.1 Parks and reserves, local elites and private islands

The first is via the designation of parks or nature/culture reserves. With suitable management and regulatory enforcement in place, park status prevents finite, prized but public resources from falling victim to the ‘Tragedy of the Commons’. The world’s largest protected marine area, until recently, was Australia’s Great Barrier Reef (which includes many islands). Since 2006, the Papahānaumokuākea (originally Northwestern) Hawaiian Islands Marine National Monument (USA) is even larger, with an area of some 362,000 km<sup>2</sup>, more than the total area of all current U.S. national parkland (e.g. Eilperin, 2009). In the Orkney Islands of Scotland, the largest land owner today is the Royal Society for the Protection of Birds (RSPB).

Perhaps the most prestigious listing of all is UNESCO’s list of World Heritage Sites (WHS). Inscription on this high-status list identifies a locale as having cultural and/or natural features that are recognized as deservedly common heritage of humankind and therefore meriting being preserved for all, beyond the actual political borders where they may happen to be situated. Islands, singly or in groups, are the only places in the world that can find themselves *totally ensconced* as World Heritage Sites. There are some 60 WHS sites in the Mediterranean, making this the region with the second largest concentration of such sites (after continental Western Europe); at least a dozen of these are located on islands (Aeolians, Corsica, Cyprus, Gozo, Ibiza, Malta, Rhodes, Sardinia, Sicily).



#### 4.6.2 Beyond democratic governance?

The second route to ecological development is via non-democratic control and non-pluralist governance. (The designation of land or sea as parks, reserves or world heritage sites is in itself a form of wresting such spaces from the non-regulatory and *laissez faire* tendencies of democracy.) The 'political geography' of cold water islands might partly explain why there are typically less pressures to expand tourism on these locations. Extreme island regions of larger states tend to lie on the political periphery, especially when they have small populations, are un/under-represented in the corridors of power, are largely forgotten by centralized policy makers suffering from 'the urban bias', or are dismissed as insignificant backwaters other than, perhaps, in strategic (military and resource) terms (Butler, 1993; Wilkinson, 1994). A weak local political influence and a lackadaisical interest from the centre do, in turn, suggest that local elites assume significant politico-economic power. These elites also tend to be narrower, less fragmented and more concentrated in island jurisdictions with small populations (e.g. Buker, 2005; May & Tupouniua, 1980; Richards, 1982). Moreover, in non-sovereign island territories, the concentration of local politico-economic power is more likely to rest in the hands of a small identifiable group - a religious congregation (Solovetsky), a team of scientists (Macquarie), an indigenously controlled corporation (Baffin; Nunivak), an arms-length enterprise trust (Chatham), or a municipality (Luleå) (for individual case studies, see Baldacchino, 2006c). Such skewed influence creates a situation where there is hardly a plurality of interest groups clamouring to benefit, and benefit fast, from the tourism bandwagon. The oligopolies in power are champions of tradition; they effuse caution and harbour a suspicion of change. They are fully aware of the environmental and economic risks of mass tourism and are immune to populist pressures

that may oblige them to consider such investments in that industry. Thus, there is limited discussion (at best) on whether to take the tourism industry forward. Most of those in power have no stake in tourism – which is not a key industry anyway – and so are more likely to view its intrusion with some grave, even legitimate, concerns. This is well captured in the following statement, uttered by none other than Archimandrite Josef, the head of the Monastery on the Solovetsky Islands, Russia. It leaves no room for discussion:

*"[O]vergrowth of tourism flows and preservation of divine spirit of the island are incompatible. Nobody even thinks of converting Solovetsky into a trendy resort where the White Sea shore is full of restaurants and...the sky above the Monastery's towers is crossed by para-gliders"* (quoted in Nevmerzhitskaya, 2006: 162).

A third variant, and extreme rendition of this 'governance for exclusivity', is that found on totally private islands – again, one island condition that cannot be found on continents. Private islands exist all round the world, and many can be bought – with potential for commercial development or private recreational use<sup>1</sup>. While even private islands operate within the purview of sovereign states, their status as the objects of lease or purchase allows the buyer considerable discretion (which varies from state to state) as to how to manage the island – but commonly with the intent to restrict access to a select few, typically some of the owners' relatives, the rich and the famous. Ironically, it is the cash and value added created in the *economically* successful 'hot spots' of the world that is often behind the financing needed to purchase, craft and conserve *ecological* island enclaves. This is another way of tapping 'the hinterland beyond'

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1 For a web-site dealing in private islands, visit: <http://www.privateislandsonline.com/>.

(Baldacchino, 2006b). Thus, the two sides of the 'eco principle' connect in a rather perverse but symbiotic relationship.

## 4.7 Conclusion

Perhaps one can modify a proposition made by Funk (2008) and schematize a relationship between economic development and ecological development based on the state of 'natural capital'. In such a model, there are two broad, ideal-type, development trajectories. In the first, countries which have significant 'natural assets', would allow their natural resource endowments – sugar, banana, copra, timber, phosphate, oil and gas... - to be mined and exported, and particularly in a raw state which means that most of the value added is reaped in other economies. Thus, these countries are not likely to 'develop' beyond 'plantation economy' status. They are liable to transform their land into a mono-crop economy, and are not necessarily much richer for it (*Rich Land, Poor Economy*). In a variant of this model, mass tourism risks transforming many Mediterranean islands and coasts into anonymous chunks of concrete high rises and degraded natural resources.

Even countries that had no natural capital worth exploiting to start off with – because of poor soils and fishing grounds, as well as limited fresh water, exacerbated by high population densities – have tended to promote such services as tourism and finance; these have typically done well economically, driven by the need to tap hinterlands and markets beyond their shores (e.g. Kakazu, 1994). Bar some isolated 'pockets' of nature, these would have ruined any natural capital which they may have had originally (*Poor Land, Rich Economy*).

The middle road between these two routes is one where any natural capital is prized and conserved,

not adulterated. The question then becomes: how do you make such natural capital pay for itself and its maintenance? How does one avoid "picturesque poverty", argues the Isle of Wight Councilor Harry Rees (Arnold, 2003)? Low population densities help, though these may also mean that there are less opportunities to reap economies of scale. However, economies of scale considerations are not that critical in service or exclusive market provisioning. Niche and second home tourism, investments in transport and ICT infrastructure, and outright sale to private interests, are development options. In such cases, the landscape is more likely to emerge relatively unscathed.

Clearly, it becomes very difficult for any jurisdiction to maintain itself on exclusively ecological principles. Although whole islands and archipelagos have been ensconced on the UNESCO World Heritage List, no *whole country* has been, and is not likely to be.

Let me conclude by revisiting Crete. How have the Cretans reacted to the absence of any proper industrialization phase? Firstly, they continue to do what they have traditionally done well: harvesting the produce of their land. Farming continues as a core occupation, providing various fresh fruits and vegetables, with olives, grapes, tomatoes, green peppers and oranges leading the way. High value processed food is much sought after: olive oil, wild honey and wild thyme, yoghurt and local cheese, local wines as well as *ouzo* and *raki* (like grappa) and *retsina* (a mixture of wine and pine) are recommended. Rounded off with cooked edible snails and mature capers, "Eat Crete" must be incredibly healthy: the Cretans enjoy the highest life expectancy in Europe (St Vincent, 2004), and are the least likely Europeans to develop coronary heart disease (Natural Health Perspective, 2002). This is how a 'backward' region capitalizes on its strengths. Of course, Crete is no paradise: many Cretans emigrate from the island to

metropolitan Greece or elsewhere, for education, work or adventure. However, the island's working landscape, and its natural offerings, provides a very direct contribution to an enviable quality of life that is becoming increasingly attractive to returning islanders and foreigners alike.

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For a fuller treatment of the ideas and arguments espoused in this chapter, consult Baldacchino (2010: Chapter 8).

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