Politics and policies of exclusion are common features in many countries that have different ethnic groups and large numbers of people living in poverty. The merging of interests between groups is important for a country like Fiji, which has been grappling with economic, social and political problems for more than a decade.

Fiji’s economic performance during the first decade of independence was relatively high, averaging about 5.2 per cent between 1971 and 1981 (Kumar and Prasad 2002). Fiji’s economic performance declined considerably in the 1980s particularly after the 1987 coups and since then it has been low and very erratic. Despite changing from an import substitution strategy to an outward-looking export strategy in 1987, Fiji’s growth prospects remain poor. The acceptance of the new Constitution in 1997 was followed by a strong GDP growth rate of 9.6 per cent in 1999. However, the military coup of May 2000, overthrowing the democratically elected government, again caused the economy to slide into negative growth, resulting in declines in manufacturing, construction and tourism. Fiji’s international image as a safe country for both tourists and investors was shattered, and confidence in the economy was at an all-time low. After the 2001 general election Fiji experienced relative stability and growth prospects improved. The government projected a growth rate of 4.7 per cent for 2002 and more than 5 per cent for 2003. The growth prospects are based on the strong performance of the tourism sector in Fiji. The sugar sector is under serious threat, however, and is likely to thwart the prospects of growth from the tourism sector. While Fiji’s recovery has largely been positive since 2001, its sustainability in the medium to long term cannot be taken for granted.

Fiji is reorienting its policies and moving towards freer trade, in line with World Trade Organization (WTO) requirements, and integrating further into the regional economies through involvement in the Pacific Island Countries Trade Agreement (PCTA) and Pacific Islands Closer Economic Relations (PACER). However, these policies do not necessarily mean that Fiji’s economic growth prospects are guaranteed, as there are a number of prerequisites for reaping the benefits of free trade. Within the neo-classical framework, the institutions are taken as given
and efficient; in reality it is not the case. Development and support of appropriate institutions are required to ensure the success of the free trade policies in Fiji and other Pacific island countries (Duncan, Cuthbertson and Bosworth 1999). In many ways, this is likely to be the biggest constraint on Fiji’s economic performance. Fiji needs to address impending institutional problems, such as the issue of property rights, to achieve efficiency.

Given the political and economic contradictions in Fiji, merging of various interests within the country will be the key to achieving economic growth and the improvement in quality of life of the majority of the people. Recent attempts to explain the phenomenon of merging interests has attracted a lot of attention and two papers from the World Bank have specifically focused on the issues of social cohesion, institutions and economic growth (Ritzen and Woolcock 2000; Ritzen, Easterly and Woolcock 2000). This paper uses the concept of merging interests as it correctly reflects the current economic and political crisis in Fiji.

Merging interests and social cohesion

‘Merging interests’ can be defined as the implementation of development goals that are inclusive of all citizens and lead to quality of life improvements. In any economic environment there are competing interests or stakeholders. Arguably, the people are the most important stakeholders in an economy. Other organisational stakeholders include civil society organisations, government and the business sector.

Fiji needs to define its development goals through a common vision. Amartya Sen’s definition of development as ‘freedom’ has relevance to countries searching for development progress. He identifies five types of freedom that define development: political freedom, economic facilities, social opportunities, transparency guarantees and protective security (Sen 1999). These freedoms have to be embedded in institutions, which support the development and acceptance of these freedoms, by the people. Most countries readily include these freedoms in their national development agenda but shy away from adopting or supporting appropriate institutions that help to achieve these freedoms. Social cohesion or merging of interests could come about if these freedoms are readily available.

Ritzen et al. (2000) discuss social cohesion as a prerequisite for development that is pro-poor. While they do not use the term ‘merging interests’, their conceptual framework implies merging of various kinds of interests (Figure 1). They provide a useful discussion in relation to the link between lack of democracy, weak rule of law and the social conditions that give rise to some of the institutional constraints. Social cohesion is defined as

…a state of affairs in which a group of people (delineated by a geographical region, like a country) demonstrate an aptitude for collaboration that produces change (Ritzen et al. 2000:6).

Ritzen et al. (2000) point out that social capital does not represent the idea of social cohesion correctly. Furthermore, they point out that social cohesion differs in conception from one country to another but it is equally important for all of them. They show that social cohesion is the driving force for ‘room for manoeuvre’, which helps to reform political systems and increase the democratic content of the political process (Figure 1). They also show that social cohesion contributes to the maintenance of the rule of law and reduces the likelihood of conflicts. Finally, there is a feedback mechanism where pro-poor development could enhance social cohesion and strengthen the democratic political processes.

The concept of merging interest therefore can be equated to social cohesion. Only when
various interests agree on a common development goal can we expect social cohesion. Ritzen et al. (2000) correctly note the link between social cohesion and social exclusion, describing four types of exclusion occurring in many countries and which lead to the destruction of social cohesion and ultimately affect the economic performance of many countries. The first of these is exclusion due to poverty. That is, the poor and unemployed are excluded from the mainstream economic activities and sometimes public services as well. Second, poverty and unemployment also have social dimensions, for example of loss of self-esteem and perceived reduced social status. Third, deliberate policies that discriminate on the basis of gender, ethnicity and religion can result in political and economic exclusion, whereby both political and economic rights are denied to people because of these characteristics. Fourth, unsustainable development threatens the opportunities of future generations. In many instances governments have, by their own policies, excluded people from participation in the economy and the political process, thus harming the very people they wished to support. Ritzen et al. (2000) refer to Olson’s (1991) description of how governments with narrow interests do not promote growth in the interest of society’s prosperity. They note that …best of all will be a democracy with checks and balances, enforcement of the rules of law and with clear rules of the

Figure 1 A conceptual framework for understanding social cohesion

game that prevent the majority from excluding or expropriating a minority. Virtually all of the nations that are rich today fall into the last category. It is not too much of a stretch to see that socially cohesive societies will more likely generate governments that have an ‘all-encompassing interest’ in promoting growth (Ritzen et al. 2000:11).

Thus, the question is how countries can create social cohesion or merge the competing interests that lead to a development goal beneficial to the majority of the people. Ritzen et al. (2000) suggest that the development of appropriate institutions is the most appropriate way to create social cohesion. Therefore what are institutions? According to Douglass North (2002:3), institutions are the rules of the game. North further defines institutions as

the way in which humans structure their interactions. Without them there is no order, no civilisation. Institutions form the incentive structure of a society and as such, provide the underlying determinants of economic performance. Any economic prescription that fails to take institutions into account is bound to fail (North 2002:3).

Institutions, according to North, have three components. There are formal rules or institutions including constitutions, laws and regulations. Then, there are informal rules: norms of behaviour which may include culture, traditions and different ways of life of people. It is the reinforcement of both formal and informal rules that shape a society’s incentive structure.

A number of studies have been conducted to understand the impact of institutions on economic growth and social cohesion or alternatively the impact of social cohesion on the development of appropriate policies (see Table 1).

Rodrik (1999) finds that countries with weak public institutions respond poorly to crisis and economic recession. Data on institutions show that more cohesive societies have higher per capita income growth than the fractured ones. Ritzen et al. (2000) use the data set compiled by Kaufmann et al. (2000), to assess the impact of the quality of institutions on economic performance. They find that the rule of law and per capita income are positively related. Furthermore, they find that lower levels of income inequality are associated with higher quality rule of law. They also find that fractionalised societies have the worst rule of law.

**Merging interests in Fiji**

While less than ideal, the political process under the 1970 Fiji Constitution seemed to progress well and democratic institutions were generally respected. However, the military coups of 1987 eroded respect for democratic and associated institutions. This was reflected in the promulgation of the racially biased 1990 Constitution and the adoption of racially based policies. The adoption of the new Constitution in 1997 brought hopes of merging the fractured interests, but these hopes were shattered after the overthrow of the democratically elected government in May 2000. While democracy has returned and the 1997 Constitution is still intact, its adherence and acceptance remain to be seen. For example, there is a case against the present government in the Supreme Court of Fiji about the legality of its composition and the violation of the multi-party provisions of the 1997 Constitution.

The Soqosoqo Duavata ni Lewenivanua (SDL) government has publicly declared that it wants changes to the 1997 Constitution, because it feels that it does not guarantee indigenous Fijian control of government. The most recent statement affirming the SDL government’s view on the Constitution came from the Prime Minister’s Office, stating ‘the
Fijian people made it very clear that the governance of their homeland must reside in their hands’ (Daily Post, 8 January 2003). Furthermore, the Ravuvu report on the changes to the 1997 Constitution was commissioned by the Interim government after the coup. While the report has not been made public, the SDL government continues to articulate changes to the constitution based on that report. The main thrust of the Ravuvu report is the replacement of the senate with the Great Council of Chiefs, an all-Fijian and Rotuman cabinet, a house of representatives based on communal proportionality and going back to the first-past-the-post system of voting (Griffen 2001). If adopted, these recommendations would pose major problems. The 1997 Constitution is specifically designed to promote a government of national unity.

Apart from the issue of the legality or otherwise of the present government, its policies are creating further unrest among the people. One of the obvious issues is the policy based on ethnicity and divisiveness, as summarised by the leader of the opposition in Fiji.

When you have a government that promotes, as its central theme, the advancement of one community in Fiji over others, you will never achieve any real measure of success because you have alienated yourself from 50 per cent of the population. The government’s basic core objective of promoting this divisive notion that some citizens in the same country are more equal than others, sets in motion the misguided principles that then become part of the government machinery and this gives rise to the continuing cloud of doubt that will not go away until we accept as fundamental

### Table 1  Studies of different kinds of institutions

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Sources of Study</th>
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<tbody>
<tr>
<td>Voice and accountability</td>
<td>Kaufmann, Kraay and Zoido-Lobatón (1999)</td>
</tr>
<tr>
<td>Civil liberties</td>
<td>Kaufmann, Kraay and Zoido-Lobatón (1999)</td>
</tr>
<tr>
<td>Property rights and rule-based governance</td>
<td>Country Policy and Institution Assessment (CPIA),</td>
</tr>
<tr>
<td>Graft</td>
<td>Kaufmann, Kraay and Zoido-Lobatón (1999)</td>
</tr>
<tr>
<td>Political instability and violence</td>
<td>Kaufmann, Kraay and Zoido-Lobatón (1999)</td>
</tr>
<tr>
<td>Political rights</td>
<td>Freedom House average 1972–98</td>
</tr>
<tr>
<td>Regulatory burden</td>
<td>Kaufmann, Kraay and Zoido-Lobatón (1999)</td>
</tr>
<tr>
<td>Rule of law</td>
<td>Kaufmann, Kraay and Zoido-Lobatón (1999)</td>
</tr>
</tbody>
</table>

the basic rights of all our people (The Daily Post, 13 February, 2003:5).

Merging of interests in Fiji can be defined at two levels. The first is the widening gulf between the two major ethnic communities on the political front and with respect to government policies. The second is the increasing isolation of the poor and the widening gap between the rich and the poor due to increasing levels of poverty and income inequality. Poverty levels have continued to increase since the late 1980s (UNDP and Fiji Government 1997; Ahlburg 1995). The third is the increasing conflict with respect to the issue of property rights in land and, in particular, the leasing of the land to mainly Indian-Fijian tenants by indigenous Fijian landowners.

At the political level, ethnic polarisation is very clear. The 2001 general election produced results where the majority of the indigenous Fijian voters voted for an ethnic Fijian party which campaigned intensively on indigenous Fijian issues. The Fiji Labour Party, campaigning on Indian issues, gained a majority of the Indian votes. However, despite this polarisation, the 1997 Constitution has provisions to force political parties to shed their narrow and parochial agenda and merge towards a common goal. But this merger has not taken place. Instead, the respect for constitutionality and the rule of law seems to have been permanently shattered through the two military coups of 1987 and the coup of May 2000. Both the nature and frequency of crimes in Fiji has increased since 1987. For example, the Australian government has recently allocated F$5 million to help fight crime in Fiji (Fiji Times, 20 February 2003). Furthermore, there is concern about the ethnicisation of crime in Fiji. People of Indian origin have been the primary targets of violent crimes and this further reinforces the division and prevents any merging of interests for national goals. Naidu sums up the statistics as follows: [o]f the 13,533 victims of crimes by race of the two major ethnic categories provided in police statistics in 1999, 32 per cent (4,351) were indigenous Fijians and 68 per cent (9,182) were Indo-Fijians. For the year 2000, 33 per cent were indigenous Fijians and 67 per cent (8,528) were Indo-Fijians (Naidu 2002:7).

What is more worrying about the rule of law in Fiji is the indifference of law enforcement agencies. Recent travel advice on Fiji issued by the Australian government is based on terrorism as well as increasing levels of crime. Fiji’s Opposition leader has labeled the advisory as a ‘serious embarrassment for the country as it suggests to the international community that Fiji lacks the political will and resolve to clean up its act and restore the credibility to law enforcement agencies’ (Daily Post, 23 January, 2003). High-profile fraud and cases of corruption such as the National Bank scandal have been swept under the carpet with full cooperation of the law enforcement agencies in Fiji over the last 14 years (see, for example, Grynberg et al. 2002). In addition to the rule of the law, the enactment of affirmative action policies without due regard to their discrimination against non-indigenous people in Fiji is another source of conflict. Affirmative action has been a feature of government policies since the colonial days and has become more integrated in mainstream government policies since 1970. However, since 1987 it has been pursued as a matter of active state policy engulfing significant state resources, creating further resentment and polarisation of the population. Affirmative action policies in Fiji need to be based on the needs of the people in the country and not on race, which until now has been a prominent feature of such policies.²

The second issue of concern has been the increasing gulf between the rich and poor. Reduction in poverty and income inequality
is one of the major goals of development. The natural expectation of the people is that politicians and governments will merge their competing interests to improve quality of life for the poor. Arguably, poverty in Fiji seems to be caused by policy and institutional failures. The 1990/1991 household income survey data shows that poverty had increased significantly since 1977 (Ahlburg 1995). More recent studies also show an increase in the level of poverty and income inequality (UNDP and Government of Fiji 1997; Barr and Naidu 2002). The increase in poverty in Fiji can be attributed to flawed public policies and failure of public institutions in delivering public goods (Walsh 2001; MacWilliam 2002).

Constraints to merging of interests and social cohesion in Fiji

Fiji’s recent strategic plan for 2003–05—Rebuilding Confidence for Stability and Growth to Achieve a Peaceful, Prosperous Fiji—has some positive features as far as merging interests is concerned. The plan’s priorities are divided into two groups (Table 2). The first, rebuilding confidence for stability, involves the strengthening and transformation of institutions. The most positive aspect of this priority is that it indicates the government’s recognition of the fact that there are institutional problems.

Studies of institutional development show that there is a positive relationship among economic growth, pro-poor development and the quality of institutions. The first constraint on achieving social cohesion or achieving a merger of interests is lack of respect for the rule of law and public institutions. Contrary to its claim that it would invest more in upholding the rule of law, in its 2003 Budget the government reduced the police department’s expenditure. The police force in Fiji already lacks resources and facilities, and the reduction in its budget will further erode both the force’s confidence in itself and that of the public in the police force.

Poverty has been a major concern in Fiji since the early 1990s. The evidence suggests that poverty is increasing, yet the 2003 Budget contains an increase in value-added tax (VAT) from 10 to 12.5 per cent. It is estimated that about 9,000 people in urban areas and 6,000 in rural areas will slip into food poverty because of this increase (‘Budget has no relief for poor’, Fiji Times, 14 November 2002). While funding has been allocated to various organisations that help the poor, these organisations mainly conduct continuing programs, which will not help those who slip into poverty because of the VAT increase. The government’s claim that it had no alternative to increasing the VAT is contestable, since it did not attempt to reduce unproductive consumption expenditures or consider other alternatives (‘The burden of VAT’, Fiji Times, 12 November 2002). The VAT increase is certainly not a pro-poor policy and is unlikely to promote social cohesion between the rich and the poor.

The issue of property rights is another serious political and economic problem, and the government has so far failed to bring stakeholders together to resolve the issue. In the meantime, however, the issue has seriously affected the sugar industry, with tenants leaving sugarcane farms because of the non-renewal of their leases. Arguments over the Agricultural Landlord and Tenant Act (ALTA) cannot be resolved without the cooperation of the Fiji Labour Party in the current parliament. Without the agreement of the Fiji Labour Party, there will be no review of ALTA and farmers will continue to be evicted from their farms. This issue alone could negate all efforts being made towards bringing about national reconciliation and unity and economic prosperity. The government’s continuing delay in prevailing on the Supreme Court to rule on the case...
regarding the exclusion of the Fiji Labour Party also contributes to divisions in Fiji.

Finally, the government’s stated policy of affirmative action supporting indigenous Fijian participation in commerce and education, which has existed since 1970, has suffered over the years from wastage and mismanagement of state resources. The benefits of affirmative action programs have been enjoyed mainly by already well-off members of the indigenous Fijian community at the expense of the poor. This has led to resentment among those who believe affirmative action programs should be based not on ethnicity but on need (Reddy and Prasad 2002). Since statistics show that the proportion of households living below the poverty line is almost equal in all the different ethnic communities in Fiji, a strategy for merging interests requires that the government adopt affirmative action programs in a non-discriminatory manner (Reddy and Prasad 2002).

Conclusion

The merging of the interests of all in Fiji is a difficult but necessary and not impossible task. To meet the challenges of globalisation and achieve economic prosperity for its people, Fiji must create policies and institutions aimed at merging the interests of its entire population. At the political level, it has to merge the interests of the two major ethnic communities, together with those of other ethnic minorities. The 1997 Constitution provides a framework for this, and the current SDL government needs to begin working within it in order to move forward immediately. The proponents of ethno-nationalism should not be allowed to undermine the democratic process. Respect for the Constitution and the rule of law guarantees social cohesion among linguistically and culturally divided groups (Easterly 2000). Ritzen et al. note that

...politicians can choose to build good institutions, unify fractionalised peoples, and defeat the average tendency to divide and rule. In fact where institutions are sufficiently well developed, there is no adverse effect of ethnolinguistic diversity on growth. The corollary is that good institutions are most necessary and beneficial where there are ethnolinguistic divisions. Formal institutions substitute

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Table 2  
**Strategic priorities for 2003–05**

<table>
<thead>
<tr>
<th>Rebuilding confidence for stability</th>
<th>Rebuilding confidence for growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Enhancing security and law and order</td>
<td>• Maintaining macroeconomic stability</td>
</tr>
<tr>
<td>• Promoting national reconciliation and unity</td>
<td>• Raising investment levels for jobs and growth</td>
</tr>
<tr>
<td>• Alleviating poverty</td>
<td>• Reforming the public sector to reduce the cost of doing business</td>
</tr>
<tr>
<td>• Strengthening good governance</td>
<td>• Rural and outer development</td>
</tr>
<tr>
<td>• Resolving the ALTA issue</td>
<td>• Structural reforms to promote competition and efficiency</td>
</tr>
<tr>
<td>• Implementing affirmative action</td>
<td></td>
</tr>
</tbody>
</table>

for the ‘social glue’ that is in shorter supply when there are ethnolinguistic divisions (Ritzen et al. 2000:25).

Since the military coups of 1987, respect for and adherence to the formal institutions of democracy, governance, property rights, accountability and transparency have eroded, leading to a sort of organised chaos in the country. There is a tendency in Fiji to explain the lack of respect for formal institutions with reference to traditions, culture and religion, and a tendency among indigenous Fijian politicians to equate social cohesion and national unity with social cohesion and unity among indigenous Fijians only (Ravuvu 1991). These tendencies have led to condemnation of formal institutions such as the Constitution and the rule of law. But even in very homogenous societies such as Japan it is respect for formal institutions and the rule of law that provides social cohesion. Countries with good and strong formal institutions and firm, widespread respect for the rule of law are more socially cohesive and therefore able to achieve higher levels of economic performance. Culture, traditions and social norms, meanwhile, are important informal institutions that can also be used to promote unity and cohesion, although they cannot create an identity for a country or bring it sovereignty on their own. In this age of globalisation, a country’s identity and sovereignty must derive as well from adherence to its formal institutions and its capacity to adapt to and integrate economic and technological innovations.

Notes


2 Robertson and Sutherland (2001) provide a damning critique of Fiji’s affirmative action policies and point out that they have not helped the targeted groups among indigenous Fijians. Reddy and Prasad (2003) link Fiji’s affirmative action policies with poverty and misuse of state resources, while Ratuva (2000) argues for affirmative action but with caution.

References


Kumar, S. and Prasad, B., 2002. ‘Fiji’s economic woes: a nation in search of


