

ETHNICITY, LAND PROPERTY RIGHTS, CONFLICT AND DEVELOPMENT ASSISTANCE

A Case Study of Fiji

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Introduction

Differential performance of the diverse ethnic groups is a most influential contribution of the social capital and its differential impact on growth. In Fiji the land property rights of majority ethnic Fijians are protected by the Constitution thus restricting availability of land as a factor of production to other communities. Where the livelihood of minority Indo-Fijians is threatened conflict arises with insecurity. Insecurity of land rights as a means of production increased with non-renewal of land leases and/or exorbitant rents. This problem heightened with the May 2000 coup and most Indo-Fijians faced violence and damage to their assets.

An important development in the aid field occurred as developing countries face conflicts, development assistance has been utilised for security and conflict settlement. An examination of the opposing nature of ethnic diversity and land issues in Fiji will provide not only an insight of ethnic conflict but also the role of aid to solve conflict. The next section presents ethnic diversity-growth nexus. The reason of equality before identity is vital. Penultimate section evaluates issues of ethnicity, economic resources and effects of slow growth. What role can foreign aid play to achieve stability and avoid ethnic conflict? Final section is the conclusion.

Ethnicity-Growth Nexus: Reason of Equality Before Identity

Development of Fiji as a viable economy led to a diverse community. Ethnic populations that constitute Fiji's multiracial population are the Fijians, Chinese, Europeans, part-Europeans, Rotumans, Indians and other Pacific Islanders. These ethnic groups have participated and contributed towards Fiji's development. Within this perspective the reason for equality before identity is crucial for social identity, where self interest and human motivation play a substantial role in the market economy and where social values matter.

Fijians, owners of the land, besides being in the communal and subsistence mode of production also farm the land and are in the public service. Some Fijians are engaged in business and have joint ventures with other communities. Indians came as plantation workers, at the end of Indenture System in 1916 about 3 to 6% of Indians came as free settlers who were mainly Gujaratis (Ali, 1973). An economic categorization of the Indian society shows about 80% are descendants of agricultural farmers and a group that is descendants of traders (Gujaratis) engaged in business. A fraction of Indo-Fijians operates small stores, a miniscule number in retail business, and many of them are professionals. Europeans and Chinese are in the commercial trade sectors and provide professional services. Rotumans are in the public service and in subsistence agriculture.

The communities expect the state to bypass the reactionary elite to lead the people and intervene in the creation of a broad-based mass politics in a democratic system. This has been observed in Fiji through change in government, however the vested interest has been manipulated within the Fijian and Indo-Fijian communities.¹

The inter-dependent ethnic communes result into influence and disparities of material benefits. The theory related to government and the interest groups suggest that public policy outcomes result from the interplay between few interest groups seeking transfers and the more diffuse interest of groups that supply these transfers (Stigler, 1973). So the pattern of wealth transfers within the polity benefit at the expense of others. Coups served some of these interest groups. Also, non-altruistic benefits of government power explain Fiji's political instability and coups.

The sense of social identity has a significant impact on human behaviour and it is central to human life. But the question of social identity and its over powering influence have to be asked, 'where identities emerge by

choice or passive recognition and how much reasoning can enter into the development of identity (Sen, 1999:6). In the *theory of justice* (Rawls, 1971), the framework of fairness for a group of people involves arriving at rules and guiding principles of social organisation that pay particular attention to everyone's interests, concerns and liberties. Adam Smith's assumption of self-interest and human motivation suggest that social role of such values matter (Smith, 1976).

Ethnic separation categorised in the 1970, 1990 and 1998 Constitutions by race and the influence of shift in social identity as a 'visitor or *vulagi*' followed decisive politics (Ravuvu, 1991). Given Fiji's plural society and that being part of the nation also leads to adopting loyalty that is similar to indigenous people. Then we question, what relationship does it have to the perceptions and choice of people in the economic processes including being equal in market? Fiji's sugar sold in the European Union (EU) market receive a higher preferential price of at least two or three times the price of world market sugar price does not mean that higher price is given because of confined inter-group relations but are supported in terms of relations between nations. Also, Fiji's commitment to peace-keeping force in Lebanon to uphold peace under the United Nations banner even when parties involved do not belong to Fiji. It is to be noted that markets do not see identity of the person to buy and sell commodities or services, thus political conception of separatism should be ruled out for equality.

Land Property Rights and Economic Resources

Native Land Trust Board (NLTB) created in 1940 administer the land tenure system. The classification of land shows that State owns 10%, Native Land is 83% and 7% is freehold land. Sugar industry, agriculture and tourism sectors, and peoples' livelihood relies on the land leases. Agriculture land leases started to expire in 1997. Lack of long-term leases, non-renewal of expiring leases, uncertainty and combining that with ethnic conflicts became the root cause of poor economic performance and poverty. Looking at the land property rights at the time of independence, it can be said that displacing the non-Fijian ethnic communities were not considered at the time of writing the 1970 Constitution. Today, three and half decades later, it almost does not matter what the leaders of Fiji and Britain did then, but people will suffer as one looks back at avenging historical wrongs.

The growth experience of Fiji indicates that lack of property rights, absence of the rule of law and right institutions accompanied political instability with adverse economic implications (Gounder, 1999). 'The perception among the Fijian institutions is that Fijian aspirations can be enhanced in isolation from others' rights and against established norms and values of civil society, and that economic progress can be achieved without the certainty of property rights and equality of political rights based on sound democratic principles and good governance' (Prasad, 1997:7-8).

Uncertainty of state policy on renewal of land leases has affected productivity and growth in sugar and tourism sectors.² The opportunity cost of staying on the farm seems higher than net return. 'Although the government acknowledged the severity of the problem, it continued to announce new deadlines and promises only to break them regularly' (Kurer, 2001:304). Cultural differences constructed by leaders for political and economic purposes led to horizontal inequalities that have many adverse political, economic and social implications.

The distributive conflicts and possible failure of why the Fijians (land owners) received a smaller proportion than Indo-Fijian farmers is explained through complex relationship between inequality of payment under NLTB, land owning units and unsuccessful collective actions that exists. Traditional landholdings tenancy and authority over groups' land provide the economic basis of the chiefly status, and that '30% of the land rents finds their way into chiefly coffers' (Ward, 1995). The NLTB distributed F\$18,726,453 in 1998, of that F\$5.6 million was allocated to the chiefs (NLTB, 1998).

Dangers of Slow Economic Growth and Causes of Conflict

Political stability and the establishment of institutions to protect property and contractual rights are important to avoid conflicts to achieve growth (Easterly 2001). Fiji's economic slowdown has deep political roots. In the post-1987 coup period slow growth and rising unemployment have given new life to nationalism, provincialism and protectionism. The priority of the 1999 elected government was to combat slow growth. However the May 2000 coup contributed to slowing the economy again with deep structural problems and productivity. It affected the growth of skilled labour (affecting knowledge and technology) and political instability retarded investment and outflow of capital.

Scandals over political and business corruption have undermined the public confidence. These vast problems led to economic down turn, further decline in income from the land will result in associated economic crisis. Foreign investment in the manufacturing sector functions in an off-shore business manner, thus low to no domestic technology investment, and short of managerial skills will severely affect growth. Closure of some garment industries, instability in manufacturing exports and profits will contribute to negative costs and prolong the problems.

What are the dangers of new depression Fiji is experiencing. Businesses and individuals hold debt-burdens and divert cash flows to repayment while lenders have turned cautious. This in turn created social crisis through job lost, falling income, high crime rates and school dropouts. Current economic slump lead to vicious cycle of poverty, production and trafficking of drugs, crime, sickness, AIDS, and environmental problems. Segmentation in the production systems also highlights the transfer of hardship to all ethnic groups. 'There are severe inequalities within each community, greater in the Indian community, such that poverty levels and basic need indicators are somewhat worse in this community' (Stewart, 2001:16).

What can be done to reduce social problems and promote growth? Improved prospects for peace should be greater spending on all people and productivity-raising investment. Workers can be shifted to new jobs and financial resources reallocated to create jobs and income-earning opportunities. Absence of such shifts in human and capital resources, particularly displacing people from land will create more problems as seen in the lessons of great depression and cold war periods.

Official Development Assistance and Conflict Settlement

A recent important development in the aid field occurred as developing countries face conflicts, thus producing more complex circumstances and multidimensional issues of using aid for security and conflict settlement. A normative and political dimension to development cooperation policy incorporates good governance, democracy and participatory development as core objectives (Santiso, *et al.*, 1998). The 1990s have witnessed the expansion of political aid for conflict prevention, management and resolution.

What role can foreign aid play to achieve stability and avoid ethnic conflict for economic growth? First, development assistance can support prevention of conflict for economic development. Second, as conflict occurs, than development assistance can be utilized for various purposes: emergency humanitarian aid, multinational peace keeping force and multinational negotiation.

Social conflict to the extent countenanced now in Fiji was not seen immediately after the first 1987 coup. The racially biased 1990 Constitution, consistent ignoring of land leases, and non-acceptance of democratically elected 1999 government led to other problems.³ So conflict rose with insecurity. May 2000 coup heightened violence; damage to houses, farms, personal property (farm implements and vehicles were razed) and cattle were slaughtered; burning and looting of homes and shops affected Indo-Fijian community. Most people moved to displaced peoples camps. Severity of adverse effects led to closure of businesses, unemployment increased. Cycle of economic downturn resulted in a larger proportion of households living below the poverty line. 'Approximately 60% of the households are living below the poverty line, poverty accelerated after the events of 2000' (Narain, 2000, p.2).

The President of Fiji, Ratu Josefa Iloilo in the Great Council of Chiefs meeting held in May 2002 pointed out that 'unity for all Fiji's communities is the only option to the way forward for the nation... We had allowed our politics to emphasise our racial differences rather than focusing on the ties that binds us together... We should instead take the alternative route in endeavouring to forge ahead as one people, one nation and one destiny, all people in Fiji are members of just one race and that is the human race' (Speech of President Iloilo, www.fijilive.com/news/news.php3, May 9, 2002). These words focus on rebuilding the nation and ultimately the lives of the people. It requires action by the government and the global community. The EU has supported President's call for unity as guidance for Fiji in overcoming some of the obstacles. The EU has restarted its development cooperation programme by allocating \$42million to cover development programmes and \$4.2million as a reserve for unforeseen events (*Daily Post*, 15 May 2002).

Bilateral donors (Australian, France, Japan, New Zealand) have reinstated their aid

programmes after the May 2000 coup. Following the coup, a proportion of bilateral allocation was utilised for conflict resolution activities. An area where assistance could have been directed is to the farmers who lost their homes and entire livelihood.⁴ Government in the spirit of national reconciliation, nation building and unity promised compensation to affected farmers (home, food ration, farm implements including fertilizers and seedlings) until their crops were matured, harvested and sold. Government compensation of \$5,000 worth homes and three months food rations were all those farmers received. Farmers lost their entire asset and to start-up their livelihood/business relate to sunk costs. They need fixed costs to start, as bygones are forever bygones, sunk costs leads to sunk feelings where investment has been totally lost resulting in zero income.

Another of the greatest social challenges now for the development assistance in Fiji is the provision of resources to the survival of some 400,000 people living in poverty. Establishment of various programmes by the government under the economic affirmative action indicate inequality in resource allocation. Absence of including *all* ethnic communities in government's blueprint is a criticism even by Citizens' Constitutional Forum, human rights organisations and some leaders of the Senate. Inequitable treatment of various ethnic groups brings obstacle to welfare improvements. Linked to this is the eviction of farmers from land due to non-renewal of leases. These farmers need assistance for resettlement and start another means of livelihood.

The role of aid for development and conflict resolution should implement projects that can provide income-earning opportunities, programmes for school assistance to avoid high drop out rates in the primary and secondary levels of education, improve poor health and housing conditions and have programmes to combat horizontal inequality/vertical inequality. In this case the ratio of funds required to start-up could be from external aid agencies.

Development assistance can be provision of aid via programmes such as micro finance. Since the aid agencies have committed to resolve conflicts, getting to the affected people are just as relevant as stating new aid objective to assist this people. How institutions in Fiji fit into the process to identify growth components and resolve ethnic conflict are most crucial for resource allocation that affect policy reforms and national reconciliation.

Conclusion

The income earning capacity, land property rights and the capacity to contribute to individuals and nation's well-being have unfortunately become a racial issue. Enhancing the extent and security of land leases calls for the development of cross-cultural processes to establish mutually beneficial relationships between the investors and landowners. Displacement of a society also has a bearing on its capacity to overcome the difficulties imposed by unfavourable structures and economic and social uncertainties. Institutions have failed to recognize that politics and economics go hand in hand and cannot be separated. Government is a key player therefore it requires being attentive to how development strategies affect the nation.

The most important challenge of development cooperation is to assist the economy to grow at a sustainable rate where serious problems of inequality, unemployment, social, ethnic and nationalist tensions, and violence can be contained. Despite the traditional national politics and interest groups in Fiji, a democratic system can progress to find solutions to preserve stability and nurture growth through its policy formulation for the well-being of all people. The societal peace and harmony, reason of equality before identity and to promote collective action for development are such values that matter in a market economy.

Notes

¹ Studies by Lawson (1991) and Ratuva (2000) discuss this point relating to elite Fijian chiefs and Indo-Fijian business community.

² Chand (2001) points out various lessons for development from Pacific Islands.

³ According to Elster (1994) constitutions matter for economic performance to the extent that they promote stability, accountability and credibility.

⁴ Some farmers lost their assets of a value of around F\$120,000 while some lost more than this value (*Daily Post*, June 28, 2002).

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