
United Nations Research Institute for Social Development (UNRISD)	Commonwealth Secretariat

SOCIAL POLICIES IN FIJI

By:
Paresh Kumar Narayan
School of Accounting, Economics and Finance
Faculty of Business and Law
Deakin University
Melbourne, Australia
June 2011

Draft paper prepared for the joint
Commonwealth Secretariat/UNRISD Project on
Social Policies in Small States

DRAFT WORKING DOCUMENT
Do not cite without the authors' approval



The **United Nations Research Institute for Social Development (UNRISD)** is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary problems affecting development. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies and processes of economic, social and environmental change affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries.

Research programmes include: Civil Society and Social Movements; Democracy, Governance and Well-Being; Gender and Development; Identities, Conflict and Cohesion; Markets, Business and Regulation; and Social Policy and Development.

A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: <http://www.unrisd.org>

Copyright © United Nations Research Institute for Social Development (UNRISD).

This is not a formal UNRISD publication. The responsibility for opinions expressed in signed studies rests solely with their author(s), and availability on the UNRISD Web site (<http://www.unrisd.org>) does not constitute an endorsement by UNRISD of the opinions expressed in them. No publication or distribution of these papers is permitted without the prior authorization of the author(s), except for personal use.

Abstract

In this paper we review Fiji's social development policies and strategies in the post-independence period, drawing on various development plans. We conclude that Fiji has followed a fairly good set of social development strategies over the last 40 years. Education and health, which were prioritized from the colonial period, have received continued government commitment. The strategies and focuses have been appropriate, with attention to ensuring universal access, particularly among disadvantaged groups, and making services free at the point of use. Also, there have been efforts to improve quality and to enlarge the network of services at the local level. As a result, there have been notable achievements in terms of social indicators. However, these achievements fall short of what should characterize an upper-middle income country like Fiji and progress has faltered recently. Inequalities have persisted and the quality of services has varied. Both health and education have been affected by problems of poor management and leadership, and "brain-drain" from migration of skilled workers. As a result, the policies and strategies set out in the development plans have failed to achieve the desired level of social development in Fiji.

I argue that the failure to achieve a desirable level of social development is due in large part to persistent political instability in Fiji, which has been an obstacle to investments and therefore growth. Over the last three decades, private investments in Fiji have averaged only about 10 per cent of GDP despite expectations of 25 per cent levels. This has deprived Fiji of its target growth rate of 5 per cent per annum; over the last three decades economic growth has averaged less than 3 per cent per annum. Given persistent political instability, low levels of private investment and mediocre economic growth, Fiji's social economy has weakened substantially in the last two decades: unemployment has increased to about 25 per cent, while poverty has increased to about 30 per cent.

Therefore, Fiji has in the last few decades performed poorly in terms of social development and its social fabric has worsened since the 1987 military coups. Ensuing coups and sustained political instability have not helped recovery. Emigration has compounded the problem through human capital loss to countries such as Australia, New Zealand, the United States and Canada. In order to improve the social and economic performance of the country, Fiji needs to engage in consensual and participatory democracy, improve social cohesion, develop its welfare state and build capacity to exercise its power of jurisdiction. All this is possible through developing a stable political climate conducive to social and economic growth and development.

1. Introduction

In this paper, we review and evaluate the success of Fiji's strategies for social development over the past four decades. Social development includes a wide range of key social fundamentals, such as health, education, law and order, access to water and electricity, social welfare, poverty and employment. It is crucial for sustainable economic growth.

A key feature of many developing countries, including some small states, is their poor social development status. Among the small island states, Fiji is a prime example of stagnating social development, due to its gradual, yet sustained, political instability in the post-independence period. As discussed below, both public and private health expenditures (% GDP) in Fiji are lower than the average level for middle-income countries and public expenditures are lower than the levels of many other small states, including Solomon Islands, Vanuatu and Barbados (see Table 12). Social problems (such as crime rates, suicide, rape and domestic violence) have increased sharply over recent decades. However expenditure on the police force has remained fairly stagnant during this period. One reason for the lack of focus on social development and these deteriorating social conditions was the diversion of resources to the military following the 1987 coups. Fiji's poor socio-economic performance provides the main motivation for this study and makes this critical evaluation of Fiji's social development very timely.

Fiji is a small island country with a population of 849,000 (2009) which has grown at an average rate of 1.4 per cent since 1975 (World Bank 2011 WDI). It is classified by the World Bank as an upper-middle income country with a GDP per capita (PPP) of roughly US\$4,500 (2009). In 1999, life expectancy was 68.8 years and the overall literacy rate was 92.6 per cent (UNDP, 2001). Fiji pursued import substitution policies from independence in 1970 until the mid-1980s, after which it followed export promotion policies. Generally Fiji's growth performance has been quite poor with GDP per capita growing at a meagre average of 1.5 per cent per annum between 1970 and 2009. In addition, the growth trajectory has been highly volatile, ranging from a low of -8.4 per cent (1982) to a high of 10.4 per cent (1970), with twelve years of negative growth. Following the introduction of trade liberalisation measures, Fiji's average growth rate showed some improvement between 1986 and 1990, but growth over the last decade has been disappointing. This is usually attributed to a mixture of poor economic policies and political instability starting from the 1987 coups.

Fiji is one of the few small states for which time series data is available. This data has allowed applied researchers to study Fiji's macroeconomic development from several perspectives. There are now several time series studies that examine international trade issues (see Narayan and Narayan 2004a, 2004b, 2005a, 2005b Reddy 1997), money demand and economic growth issues (see Narayan and Narayan 2008a; Jayaraman and Ward 2000, 2004; Narayan 2004; Gounder 2001), political instability and economic growth issues (see Narayan and Narayan 2007, 2008; Prasad and Narayan 2006; Narayan and Prasad 2007a; Gounder 1999, 2002; Chand and Levantis 2000); and budget deficits and exchange rate issues (see Narayan et al. 2006; Narayan and Narayan 2003; Narayan and Prasad 2007b; Prasad et al. 2007; Narayan, Narayan, Prasad, 2009; Narayan, Prasad, Prasad, 2009).

Some of the key findings from these studies can be summarised as follows: (1) political instability has had a negative effect on economic growth and international trade; (2) political instability has been responsible for an unstable exchange rate; (3) political instability has made money demand unstable, raised inflation and budget deficits; and (4) political instability has had a negative effect on the development of the tourism industry.

There are also studies that examine the relationship between government spending and economic growth (Gounder et al. 2007), electricity consumption and economic growth

(Narayan and Singh 2007a; Narayan and Smyth 2007), military expenditure and economic growth or external debt (Narayan and Singh 2007b; Narayan and Narayan 2008b), and exports and economic growth (Narayan and Prasad 2007c; Narayan et al. 2007). Generally these studies find that (a) electricity consumption, military expenditure and exports contribute to Fiji's economic growth and (b) that external debt and political instability has a negative effect on economic growth.

What has not been studied in any great detail in a time series framework is Fiji's social development. Although there are some studies that have considered the human capital aspect of social development, namely the loss of skilled labour through migration. In particular, these studies (see Narayan and Smyth 2003, 2005a, 2005b, 2006; Gani 1998) examine the determinants of migration from Fiji to Australia, New Zealand and/or the United States.

The goal of this paper is twofold. First, to examine Fiji's current social development standing. This is achieved through examining the trends in a number of social development indicators. Second, to review Fiji's general social development strategies over the 1970-2006 period. This is achieved through reviewing the various national development plans.

The rest of the paper is organised as follows. Section 2 provides an overview of Fiji's economic performance and development strategies over the past four decades. Section 3 reviews Fiji's social development indicators. Section 4 analyzes Fiji's post-independence social policies and section 5 discusses social policies in crisis situations. Section 6 provides an analysis of the four thematic issues – namely democracy, the power of jurisdiction, social cohesion and the social welfare state, and finally section 7 draws together some concluding remarks.

2. An overview of Fiji's development performance

2.1. Politics

On 10 October 1970, after 96 years of British rule, Fiji gained sovereign and independent status and a new constitution based on communal voting. The 1972 elections resulted in an Alliance majority, with the National Federation Party (NFP) in opposition led by Siddique Koya. The Alliance won the 1977 and 1982 elections as well.

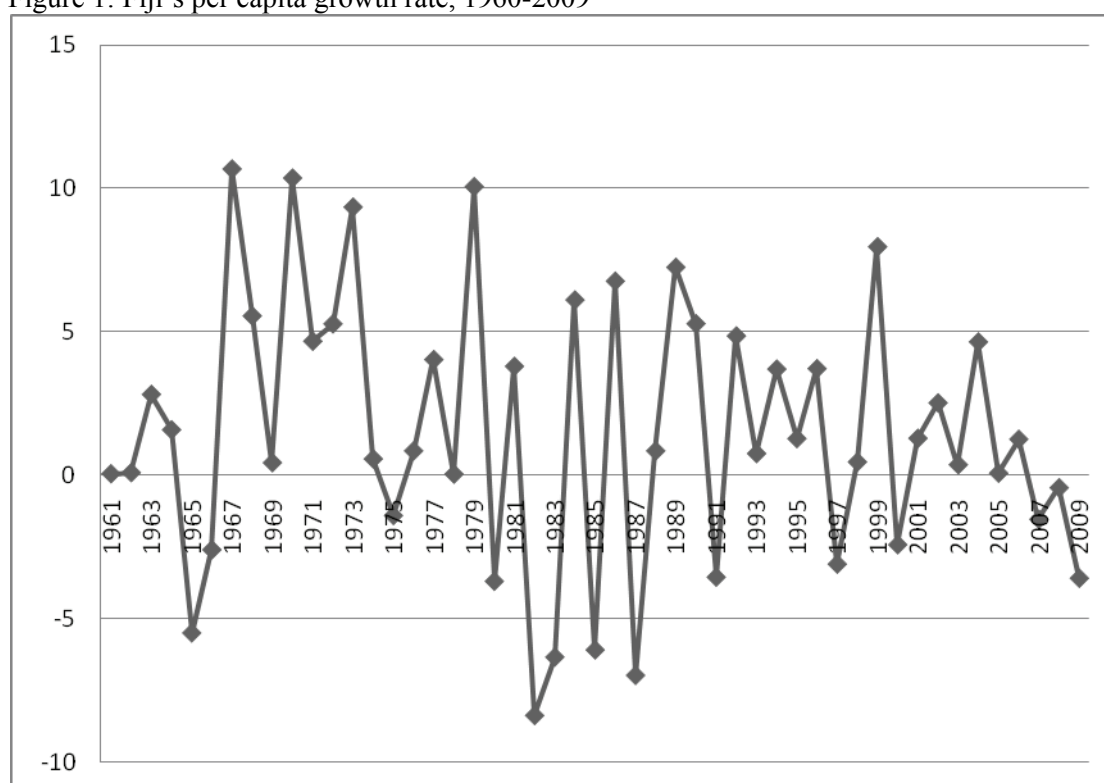
In 1987, Dr. Timoci Bavadra of the Fiji Labour Party (FLP) won the general election drawing on Indo-Fijian support. Following this election victory, tensions mounted due to the fear that Indo-Fijians would dominate the economy and take away iTaukei land – that is to say, the land of the original and native settlers of Fiji. Extremists, who opposed the FLP, used the building momentum of these fears to spread anti-FLP sentiments. One month after the election, Col. Sitiveni Rabuka took power through a military coup. Fiji became a republic and its new constitution gave the iTaukei a larger share of power in the new government. The coup received international condemnation, leading to Fiji's expulsion from the Commonwealth and the new government being officially "unrecognized" by many states, including New Zealand and Australia. Rabuka became prime minister in 1992 and Ratu Sir Kamisese Mara was appointed president in 1994.

A new constitution was adopted in 1997 after Rabuka managed to convince the Great Council of Chiefs, and elections were held in 1999. The People's Coalition led by Mahendra Chaudhry settled into government May 1999 after claiming majority. A year later the government was deposed by George Speight and his followers. Elections were held in 2001 and the interim Prime Minister, Laisenia Qarase, led his newly formed Soqosoqo Duavata ni Lewenivanua (SDL) party into victory. The SDL won a majority again in the 2006 election but was removed in a military coup in December 2006.

2.2. *Economic strategy and performance*

Fiji's economic growth performance has been highly volatile, as can be seen in the GDP per capita growth rate (see Figure 1). Four distinct periods are noticeable. The first period corresponds to the pre-independence period, 1960-1969, when the per capita growth rate, which was initially low, fell to -5.5 per cent (1965) before recovering to over 10 per cent by 1967. These two extreme years of growth rate had been accompanied by fairly stagnant and subdued growth rate.

Figure 1: Fiji's per capita growth rate, 1960-2009



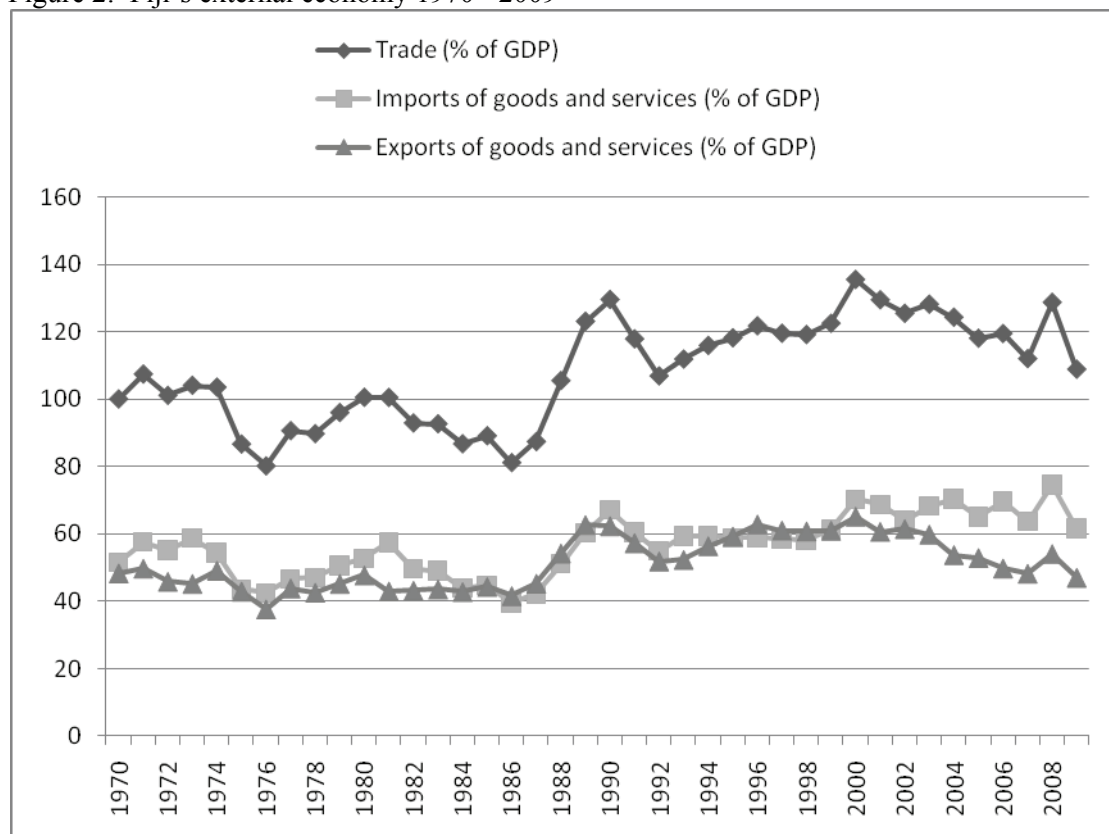
Source: World Bank. World Development Indicators (2011)

In the 1970s, in the immediate post-independence period, per capita growth rates were positive with the exception of 1975 with a growth rate of -1.4%. This relatively favourable growth trajectory was achieved despite unfavourable international conditions, including the oil price crisis in 1974, and UK and US recessions. On the other hand, the third phase of growth from 1980-1989 was extremely volatile, marked by both domestic and international crises. The international crises included the second oil price shock of 1979, the UK and US recessions of 1982 and the financial crisis sparked by the 1987 American stock market crash. Domestically, the 1987 political coups led to a drop in tourism, exports and investment levels. In turn, the weak performance of the export sector led to a 33 per cent devaluation of the Fiji dollar.

During the fourth period, from the mid-1990s to 2009, growth performance has been mixed. During this time, Fiji has experienced both positive and negative growth. In general, Fiji's performance was characterized by positive, but fairly low growth, which was the result of a number of factors, including the 2000 and 2006 coups, the expiry of trade agreements which covered sugar and garment exports, the expiry of land leases which devastated the agricultural sector, particularly sugar, and the loss of skilled human capital.

Like many small states, Fiji is a relatively open economy, particularly in the period following the military coup of 1987 (see figure 2). As seen in the figures on trade (as a percentage of GDP), Fiji made a decisive economic policy shift towards export-oriented growth strategy after the 1987 military coups. Product market deregulation began in 1988, and trade liberalisation and structural reforms have continued since. The genesis of trade liberalisation in Fiji can be traced back to economic decline during the mid-1980s (Sepheri and Akram-Lodhi 2000). After the 1987 military coups, the government advocated export-promotion based on tax-free factories and export-processing zones. This strategy required further trade liberalisation measures.

Figure 2: Fiji's external economy 1970 - 2009



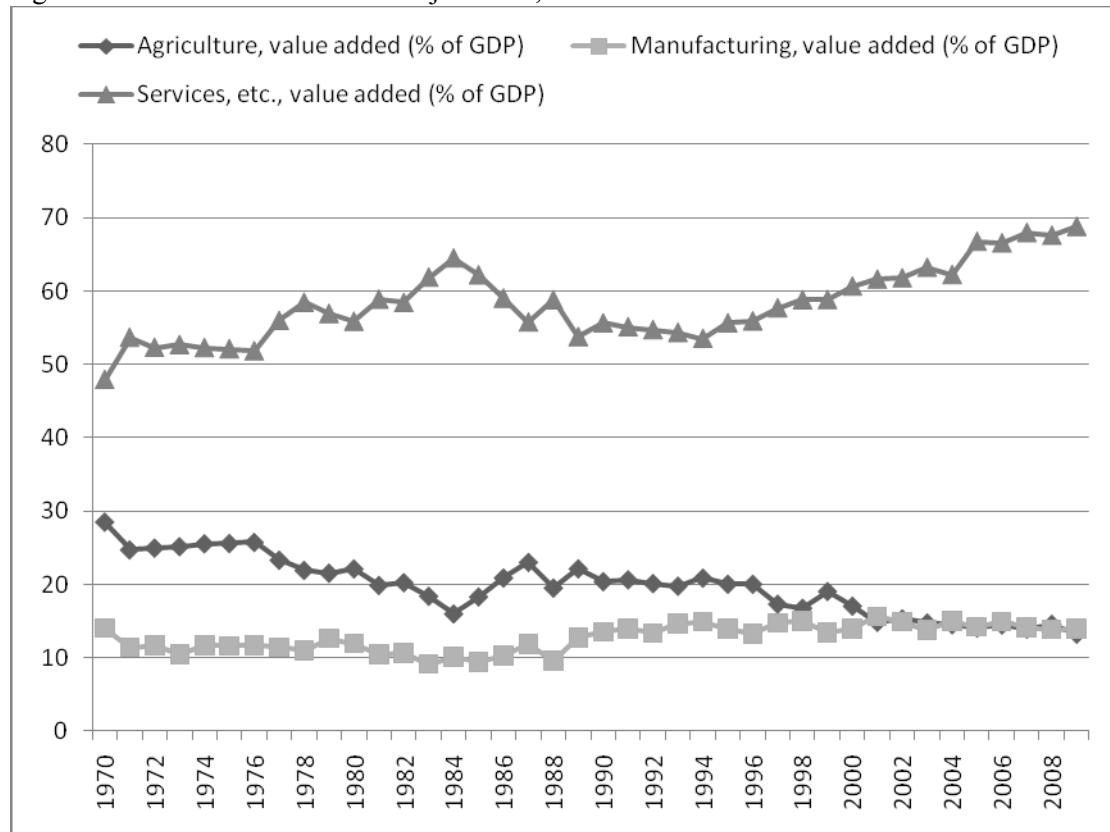
Source: World Bank. World Development Indicators (2011)

Fiji adopted a phased programme to eliminate quantitative import licenses, reduce tariffs, deregulate the financial market, remove statutory wage guidelines and promote enterprise bargaining, reform taxation to promote indirect taxes, reform public enterprise to promote corporatisation and privatization, and promote and develop exports. Despite these attempts the pace of liberalization is considered to be slow (Ministry of Finance 2003). The figure above shows that Fiji's terms of trade has improved in recent years. The Fijian economy has maintained a remarkably balanced current account in the post independence period. Although, imports have tended to be greater than exports, the difference has not been considerable.

In Fiji, traditional agriculture has been the backbone of the economy. The contribution of agriculture has been almost exclusively driven by the sugar sector. While the agricultural sector has been the main employment creator, its contribution to GDP has remained below that of the service sector in the post-independence period (see figure 3). For example, in 1970, while the agricultural sector contributed around 29 per cent of GDP, the service sector's contribution was valued at around 48 per cent of GDP; by 2009, the contribution of the

agricultural sector had declined to 13 per cent, while the service sector's contribution rose to around 69 per cent. The decline of agriculture was mainly due to the expiry of land leases which severely affected Fiji's sugar industry.

Figure 3: Sectoral contribution to Fiji's GDP, 1970-2009



Source: World Bank. World Development Indicators (2011)

The service sector's rise has been mainly due to the tourism industry, which has grown to become Fiji's largest employer and foreign exchange earner. The growing tourism industry has also contributed to a growth in domestic transportation. The growth rate in visitor arrivals is plotted in Figure 4. Two observations can be drawn from this data. First, the growth rate in visitor arrivals was higher in the pre-independence period than the post-independence period. Second, the post-independence period has been marked by periods of sharp declines in visitor arrivals, particularly evident in 1987 and 2000; both years witnessed coups, which were followed by plummeting visitor arrivals to Fiji.

Figure 4: Growth rate in visitor arrivals to Fiji, 1962-2007



Source: World Bank. World Development Indicators (2009)

The manufacturing sector's contribution to GDP has historically been low, mainly because of Fiji's inability to attract investments to this sector. A boost to manufacturing was achieved in 1988 when the tax free factory/zone (TFF/TFZ) scheme was established. The TFF scheme included incentives of a 13 year tax holiday, duty exemptions on capital goods and raw materials, and freedom to repatriate capital and profits ((Narayan, 2001). During the period 1988 to 1998, 57 per cent of all TFF investment was in the garment sector (Narayan 2001). This indeed had a profound effect as the production of garments as a percentage of manufacturing increased from 14.9 per cent in 1987 to 65.2 per cent in 1998. By 1999, more than 100 factories were employing 18,000 to 20,000 workers. However, from the mid-1990s, Fiji witnessed the death of its garment industry due to the expiry of preferential trade agreements and Fiji's inability to compete with Asian markets, particularly China and India. In explaining the economic performances of small states, Bertram asserts the importance of migration and remittances, aid and other rents (as part of the Migration, Remittances, Aid and Bureaucracy (MIRAB) model). Compared to other Pacific Island Countries, aid in Fiji has been low at an average of 2.9 per cent of GDP over the post independence period and 2.2 per cent of GDP in 2004. This partly reflects Fiji's relatively high income status, but it is also due to donor pressure since the 2006 coup. Remittances have made roughly the same contribution to GDP, with an average over the period 1990 to 2007 of 2.6 per cent of GDP and a value in 2006 of 4.8 per cent of GDP. These figures are similar to those of Solomon Islands and are far less than those seen in Samoa.

The growth trajectory shows the impact of various events in Fiji's post-independence history, particularly the 1987 coups. After the coups, Fiji's economy came to a standstill as the tourism industry plummeted, along with much needed foreign reserves. This had implications for macroeconomic management. Declining foreign reserves exerted pressure on Fiji's exchange rates and, due to trade bans from major trading partners, Fiji exports and their competitiveness declined. To address this problem, policy makers devalued the Fijian dollar by 33 per cent in 1987. Other measures to boost exports included the creation of a tax free zone with significant tax holidays and incentives for those exporting 95 per cent of their output. This led to the creation of Fiji's garment industry, which at its peak employed around 18,000 people, a majority of which (80 per cent) were women.

2.3. Fiji's development plans

In the period following independence, the bulk of domestic capital was owned by Fijians of Indian and Chinese descent. The iTaukei (indigenous Fijians) generally lived subsistence or semi-subsistence lifestyles. Thus, the initial post-independence development plan focused on integrating the iTaukei into economic activities. The Development Plan (DP7) of 1976-1980 was constructed with the mission "to achieve a more equitable distribution of the fruits of development." As part of the DP8 (1981-1985), the iTaukei were encouraged to engage in agricultural production. To facilitate this, a number of different agricultural projects were identified and implemented.

The Ninth Development Plan focused on employment creation, with tourism seen as the key sector to achieve this goal. To further this goal, the government played a more active role in stimulating and facilitating private investment activity in tourism, and constantly monitoring development. The government also provided loans through the Fijian Development Bank to be used as seed money for investment in major hotel projects.

One of the key features of the Fijian society in pre-independence was weak socioeconomic development. Thus, apart from attempting to integrate the iTaukei into the cash economy, post-independence development plans aimed to improve Fiji's socioeconomic status, mainly through improving health and education indicators, providing critical infrastructure in water, electricity and roads, and providing poverty alleviation through employment in the manufacturing sector.

3. A review of Fiji's social development indicators

This section examines Fiji's performance in social indicators. This will set the context for the subsequent sections that will examine trends in social policy. Our focus is on establishing the link between social development strategies and government expenditures (on health, education, social welfare and infrastructure) and social development outcomes (for instance, in the employment rate, crime rates, poverty and human capital accumulation).

3.1. Brief overview of social development

In this section, we discuss some features of social development in Fiji and compare them with other Pacific Island countries. In Table 1, we present some human development related indices. In 2009, Fiji was ranked 108th out of 182 countries in terms of its Human Development Index (HDI). It is therefore defined as a medium human development country (HDR 2009). Within the HDI components, Fiji ranks relatively well in education (94th) and relatively poorly in life expectancy and GDP per capita (114th and 115th respectively). In the Pacific region, Fiji is outperformed by Tonga and Samoa, which have a similar per capita GDP, but better social indicators.

Table 1: Human Development Index for Pacific Island Countries (PICs), 2009

Country	HDI rank	HDI (value)	Life exp. (yrs)	Adult literacy*	Combined gross enrolment ratio (%)	GDP per capita (PPP US\$)	Life exp. index	Education index	GDP index
Samoa	94	0.771	71.4	98.7	74.1	4467	0.773	0.905	0.634
Tonga	99	0.768	71.7	99.2	78	3748	0.778	0.92	0.605
Fiji	108	0.741	68.7	..	71.5	4304	0.728	0.868	0.628
Vanuatu	126	0.693	69.9	78.1	62.3	3666	0.748	0.728	0.601
Solomon Islands	135	0.61	65.8	76.6	49.7	1725	0.68	0.676	0.475
Papua New Guinea	148	0.541	60.7	57.8	40.7	2084	0.594	0.521	0.507
Timor-Leste	162	0.489	60.7	50.1	63.2	717	0.595	0.545	0.329
Kiribati	..	..	..	..	75.8	1295	0.699	..	0.427
Marshall Islands	..	..	..	..	71.1	..	0.758	..	..
Micronesia (Federated States of)	..	..	68.4	..	..	2802	0.724	..	0.556
Nauru	..	..	..	..	55	..	0.906	..	..
Palau	..	..	..	91.9	96.9	..	0.758	0.936	..
Tuvalu	..	..	..	..	69.2	..	0.683	..	..

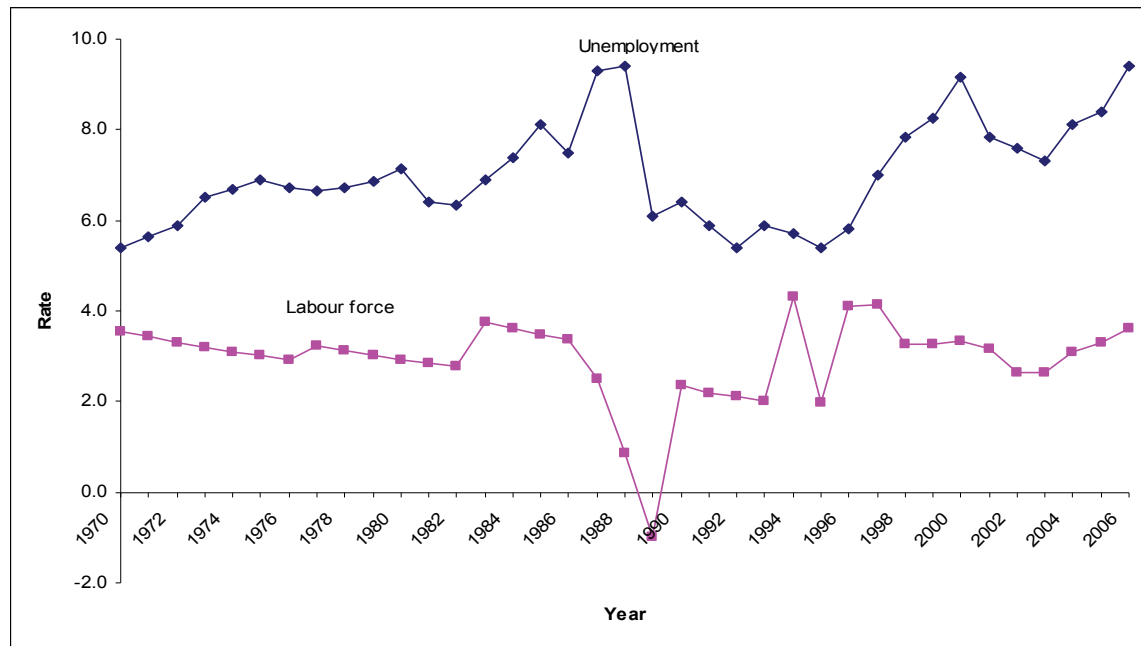
*Adult literacy - (% aged 15 and above) 1991 - 2006

Source: UNDP Human Development Report 2009

3.2. Unemployment

The labour force growth rate and unemployment rate for the period 1970-2006 present some interesting findings (see figure 5). First, unemployment has increased from 5.4 per cent in 1970 to 9.4 per cent in 2006. Second, there seems to be a strong association between unemployment and political coups in Fiji: the peak periods of unemployment are 1987/1988, 2000 and 2006. Third, in all the years after independence, the unemployment rate has been above the labour force growth rate, with the gap widening in the post-1987 coup period. Over the 1970-2006 period, the average unemployment rate has been around 7 per cent while the average labour force growth rate has been around 3 per cent.

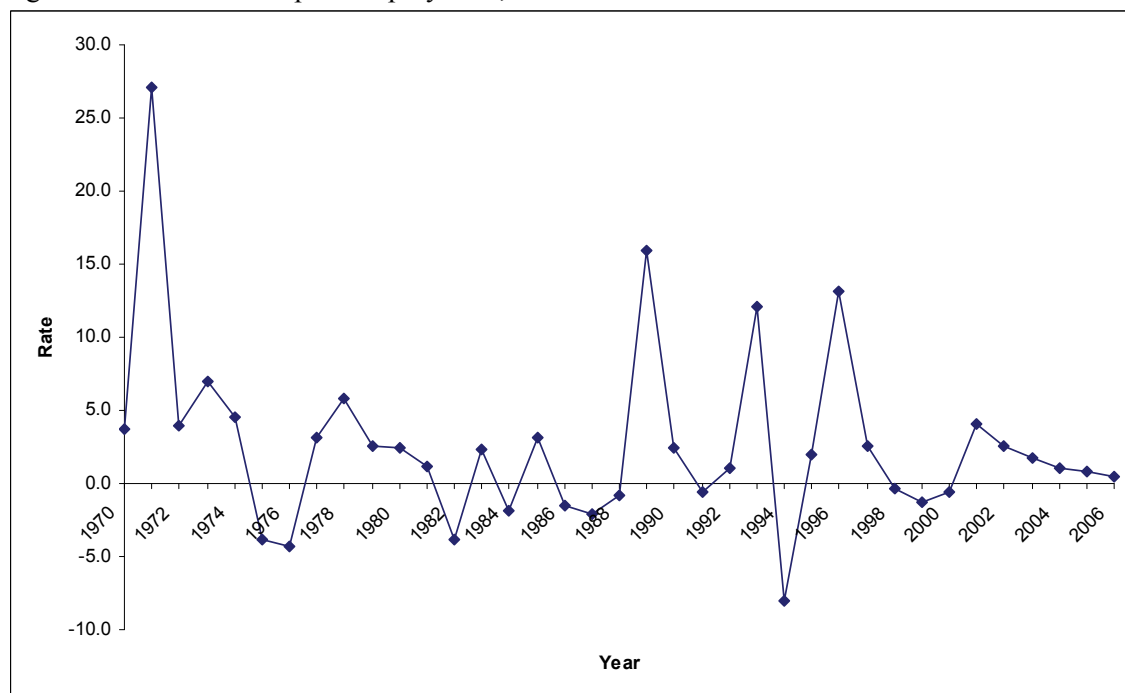
Figure 5: Labour force growth rate and unemployment rate for Fiji, 1970-2006



Source: World Bank. World Development Indicators (2009)

In Figure 6, we plot the growth rate in paid employment. For the period of 1970-2006, the average growth rate was only 2.6 per cent; the graph also reveals that there were years of negative rates of growth in paid employment. Taken together, these figures imply that Fiji's objectives and strategies to reduce unemployment have been unsuccessful. On the contrary unemployment has doubled over the 37-year period considered here.

Figure 6: Growth rate in paid employment, 1970-2006



Source: World Bank. World Development Indicators (2009)

3.3. Poverty

In 1977, at the national level, 15 per cent of Fiji's population was below the food poverty line (Table 2). By 1991, this figure increased to 25 per cent. Urban poverty increased more substantially over this period, moving from 12 per cent in 1977 to 33 per cent in 1991. This resulted from rural to urban migration in the aftermath of the 1987 military coups and the emergence of the garment industry in 1988 following the establishment of tax free factory and tax free zone schemes. These schemes were part of broader structural adjustment policies, aimed at kick-starting Fiji's export-led economic growth.

Table 2: Households below the food poverty line, per cent, 1977 and 1990-1991

	1977	1990-1991
National	15	25
Urban	12	33
Rural	21	23
Rural settlement	19	29

Source: Fiji Government and UNDP, 1997 as cited in Fiji Ministry of Finance and National Planning (2004).

While by 1997, the percentage of people below the food poverty lines declined to around 10 per cent at the national level, 8 per cent at the urban level and 11 per cent at the rural level, the proportion of the population (at the national level) below the relative poverty line stood at a high of 33 per cent. Urban poverty was about 29 per cent, while rural poverty was around 35 per cent. The relative poverty line by ethnic groupings suggests that there were more Indo-Fijians (34.5 per cent) than iTaukei (31.3 per cent) in relative poverty (Table 3).

In Table 3, we also present data on poverty as measured by the basic living cost criteria. At all levels we find a high level of poverty: national poverty stood at around 26 per cent, urban poverty stood at 28 per cent while rural poverty stood at around 24 per cent. Again, more Indo-Fijians were found to be in poverty than iTaukei.

Table 3: Percentage of population living below poverty lines, 1997

	National	Urban	Rural	iTaukei	Indo-Fijian
Food poverty line	9.9	7.9	11.1	10.4	9.2
Relative poverty line	32.7	29.0	35.0	31.3	34.5
Basic living cost poverty line	25.5	27.6	24.3	27.7	31.0

Source: Fiji Poverty Report, 1997 as cited in Fiji Ministry of Finance and National Planning (2004).

In Table 4, we report the poverty gap comparing the years 1977 and 1990-1991. Evidence again points to the fact that poverty in Fiji has increased over the 1977 to 1990-1991 period. The national poverty line in 1970 was \$1,480 and it increased to \$4,316 in 1990-1991. The poverty gap increased from \$666 in 1977 to \$1,377 in 1990/1991. The cost of closing the poverty gap in 1977 was valued at \$11.5 million, equivalent to around 1.9 per cent of GDP, while in 1990 it was valued at around 5.4 per cent of GDP (Table 4). Over the 1977 to 1990-1991 period, not surprisingly the Gini coefficient also increased at both the aggregate household level and at the per capita income level. Based on total household income, the Gini coefficient increased from 0.42 in 1977 and to 0.46 in 1990-1991. Based on per capita income, the Gini coefficient increased from 0.43 in 1977 to 0.49 in 1990-1991 (Table 5).

Table 4: The widening poverty gap, 1977-1991

	1977	1990-1991
National household mean income	\$5,398	\$10,364
National poverty line	\$1,480	\$4,316
Mean income of poor	\$814	\$2,939
Poverty gap	\$666	\$1,377
Cost of closing the poverty gap	\$11.5 million per year	\$45.9 million per year
Cost of closing poverty gap as a % of GDP	1.9	5.4

Source: Fiji Government and UNDP, 1997 as cited in Fiji Ministry of Finance and National Planning (2004).

Table 5: Gini coefficients for 1977 and 1990-1991

	1977	1990-1991
Total household income	0.42	0.46
Per capita income	0.43	0.49

Source: Stavenuiter 1983; Fiji Government and UNDP 1997 as cited in Fiji Ministry of Finance and National Planning (2004).

Recent work by Narsey (2008) reveals a more serious situation regarding poverty in Fiji. Some of the revelations of his findings can be summarized as follows. First, it seems clear that rural and urban Indo-Fijians are relatively poorer than rural and urban iTaukei. Forty-four per cent of rural Indo-Fijians are in poverty whereas only 38 per cent of rural iTaukei live in poverty. While 32 per cent of urban Indo-Fijians are in poverty, the corresponding figure for urban iTaukei is 26 per cent. Second, according to Narsey (2008: 76), 35 per cent of the population is currently believed to be in poverty; 40 per cent of rural population; and 29 per cent of urban population are in poverty.

3.4. Educational indicators

In this section, we discuss some indicators relating to education in Fiji. Table 6 presents some data on primary and secondary school enrolment. This data reveals that both primary school enrolment as a percentage of net and gross enrolments has declined over time (over the period 1991-2006). In comparison, we notice a marginal increase in net secondary enrolment rates. The enrolment data reveals that not all eligible children have access to primary and secondary education in Fiji.

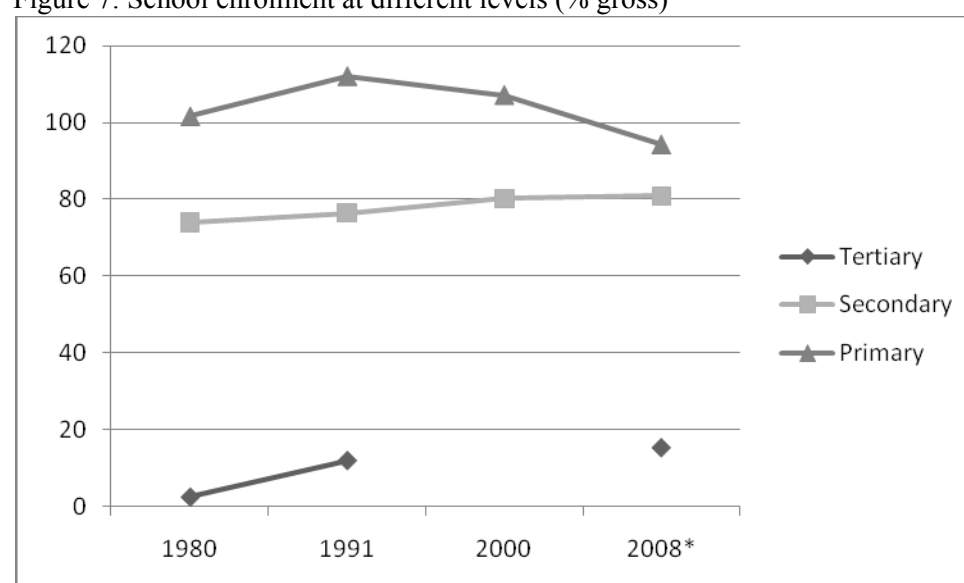
In particular, the trends in primary education have been relatively disappointing in recent years, registering a decline in both net and gross enrolment figures. Net primary enrolment in Fiji was 89.5 per cent in 2008, slightly below the upper-middle income group average (92.6%) and the values for Samoa (92.2%) and Tonga (99.0 %, 2006) (World Bank 2011 WDI). In terms of net secondary enrolment, the trend has been positive and Fiji's performance (79.1% in 2008) is similar to that of the middle income group (74.9%), and is above the level for Samoa (64.2% in 2004) and Tonga (71.2% in 2004). Therefore, although not all children have access to education, Fiji is performing well as long as the trends in primary education do not continue.

Table 6: School enrolment rates, 1991-2008

Year	School enrolment, primary (% net)	School enrolment, primary (% gross)	School enrolment, secondary (% net)	School enrolment, secondary (% gross)
1991		112.0		76.4
1992		111.9		80.1
1998	98.4	109.3		80.1
1999	98.7	108.7		80.1
2000	97.5	107.1	76.1	80.2
2001	97.3	107.0	75.3	79.7
2002	96.6	105.2	77.0	81.4
2003	94.8	103.6	75.9	83.3
2004	93.6	103.0	81.1	86.1
2005	93.5	103.0		85.9
2006	91.2	99.5	79.1	84.2
2007		94.5		82.4
2008	89.5	94.2		80.9

Source: World Bank. World Development Indicators (2011)

Figure 7: School enrolment at different levels (% gross)



Note: *Tertiary enrolment data is for 2005 (latest year available).

Source: World Bank. World Development Indicators (2011)

On a positive, the percentage of adults with some basic level of education has been increasing. The percentage of adults with less than 4-years of formal education decreased substantially over the 1986 to 1996 period. The percentage of children aged 6-14 not attending school has also declined (see Tables 7 & 8). By ethnicity, the percentage of iTaukei children not attending school declined from around 9.8 per cent in 1986 to 4 per cent in 1996. Over this period, the figures for Indo-Fijian students declined from 8.2 per cent to 4 per cent. A similar trend is found for male and female children in the two ethnic groups.

Table 7: Per cent of Fiji adults with less than four years of formal schooling

	1986		1996	
	Women	Men	Women	Men
Indo-Fijian	24.1	13.8	14.2	8.4
iTaukei	8.0	5.9	3.8	3.1
Other	6.6	5.6	n.a.	n.a.

Source: 1986 and 1996 Censuses as cited in Fiji Ministry of Finance and National Planning (2004).

Table 8: Children 6-14 years not attending school, by ethnicity and gender, 1986 and 1996

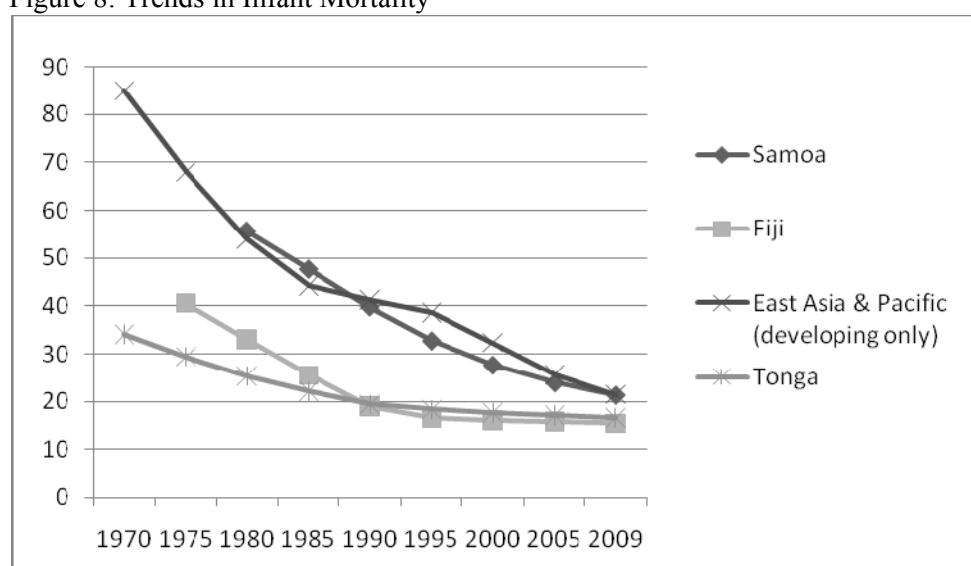
Ethnicity and gender	1986	1996
iTaukei	9.8	4.0
-male	10.2	4.6
-female	9.4	3.4
Indo-Fijian	8.2	4.0
-male	8.8	4.6
-female	7.5	3.3

Source: 1986 and 1996 Censuses as cited in Fiji Ministry of Finance and National Planning (2004).

3.5. Health

Of the health indicators, no marked success can be noted. Infant mortality rate per thousand live births has decreased steadily since independence, although the rate has not changed considerably in the last 15 years (see figure 8). However, the level of 15 deaths per 1000 live births is below many of the other Pacific Island Countries shown on the table 9.

Figure 8: Trends in Infant Mortality



Source: World Bank. World Development Indicators (2011)

Table 9: Selected health indicators

	Life expectancy at birth (years) 2009		Infant Mortality Rate (per 1000) 2009	Hospital beds per thousand Most recent	Births attended by skilled personnel (%) Most recent	Immunization, (% of children ages 12-23 months), 2009	
	Male	Female				DPT	Measles
Fiji	66.8	71.4	15.4	2.1 (2008)	99 (2002)	99	94
Kiribati	58.9 (2005)	63.1 (2005)	37.3	1.5 (2009)	63 (2005)	86	82
Mauritius	69.2	76.2	15.4	3.3 (2008)	99.2 (2004)	99	99
Samoa	68.9	75.2	21.3	1.0 (2005)	100 (2004)	72	49
Solomon Islands	65.7	67.7	29.6	1.4 (2005)	70.1 (2007)	81	60
Tonga	69.2	74.9	16.6	2.4 (2008)	98 (2004)	99	99
Vanuatu	68.7	72.6	14.3	1.7 (2008)	74 (2007)	68	52

Source: World Bank. World Development Indicators (2011)

In Table 9, some health indicators are presented for Fiji and other comparable countries. As discussed in the overview to this section, Fiji has a disappointing life expectancy at birth compared to many other PICs and Mauritius. In terms of hospital beds per thousand and percentage of births attended by skilled personnel, Fiji has similar outcomes to the other countries list here. The immunization levels compare less favourably, although recent figures reflect a decline from rates in the high 90s in the late 1980s and early 1990s.

3.6. *Housing, Water and Electricity*

Total number of people living in squatter settlements has increased from around 7,800 in 1978 to about 10,400 in 1994 (see Table 10).

Table 10: Growth of squatter population in Suva city area, 1978-1994

Ethnic Group	1978	1983	1991	1994
iTaukei	3,203	3,808	3,808	5,000
Indo-Fijians	4,390	5,438	4,175	5,200
Others	250	315	198	178
Total	7,849	9,317	8,181	10,378

Source: Parliamentary Paper 33, 1995 as cited in Fiji Ministry of Finance and National Planning (2004).

3.7. *Law and order*

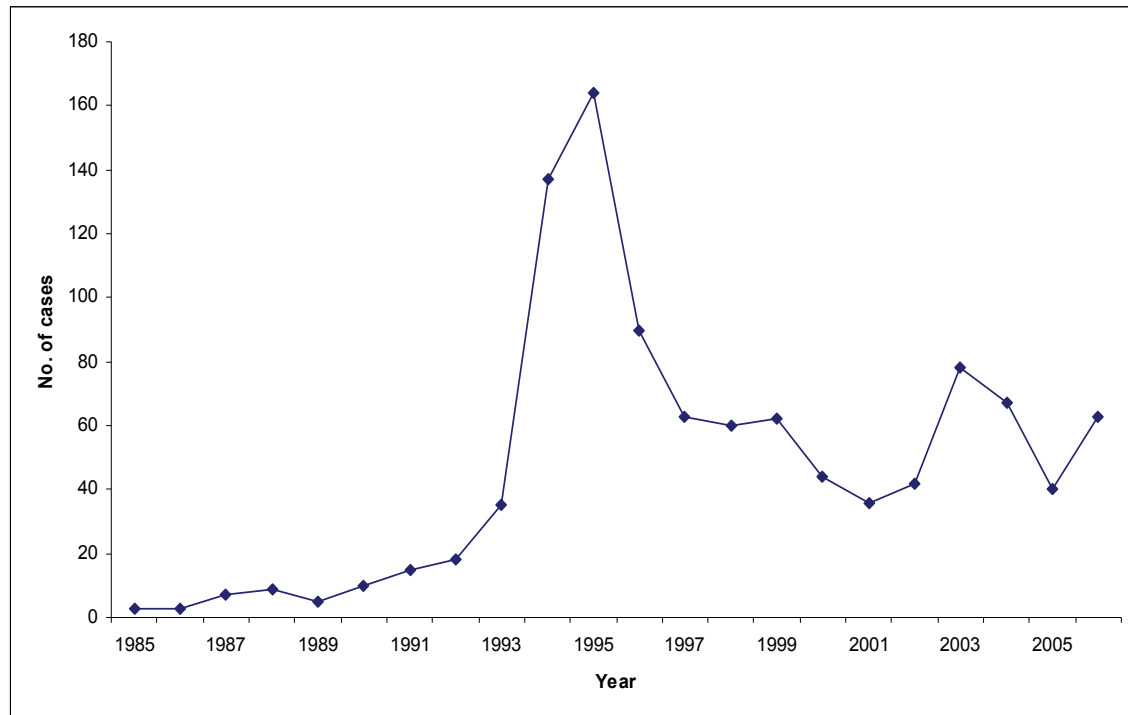
Law and order ensures business and consumer confidence. Security is essential for investment, both at the firm and household level. Despite government's pledge to maintain law and order, there has been a gradual decline in law and order. Insecurity of businesses and individuals has become a common feature of post-independence Fiji. Insecurity and lack of respect for the rule of law has caused stress and tensions resulting in multiple social problems, including an escalation in crime rates and domestic violence. Data on crime, obtained from the Fiji police force, reveals that the number of crimes (general) has increased from 17,999 in 1992 to 19,050 in 2005 (see Table 11).

Domestic violence has increased substantially in the Fijian society over the last couple of decades. Domestic violence, in large part, is a result of frustration and stress arising from

unemployment and poverty - both of which have increased rapidly over the last couple of decades. In 1986, only 26 cases of domestic violence were reported (see Figure 9). The number of reported cases reached 493 in 1991; it then doubled to 1001 in 1995, and reached its peak in 1998 at 1464 cases. Over the 1986-2006 period, an average of 670 cases of domestic violence were reported each year.

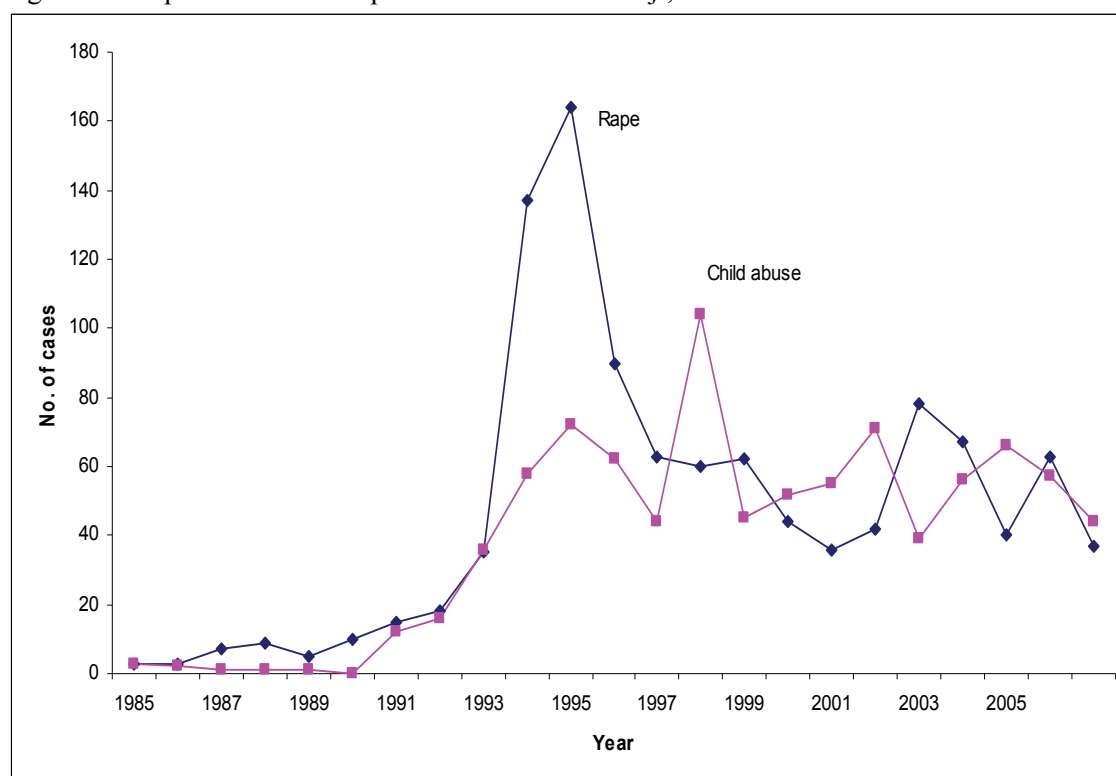
Over the same period of time, the number of reported rape cases also increased substantially, from 3 reported cases in 1986, to 164 reported cases in 1995, and to 63 reported cases in 2006 (see Figure 10). Data on child abuse also shows an increase in the number of reported cases - from 3 in 1985, to 104 in 1998 and to 57 in 2006 (see Figure 10).

Figure 9: Reported cases of domestic violence in Fiji, 1985-2006



Source: Fiji Women Crisis Centre webpage: <http://www.fijiwomen.com/>.

Figure 10: Reported cases of rape and child abuse in Fiji, 1985-2006



Source: Fiji Women Crisis Centre webpage: <http://www.fijiwomen.com/>.

Table 11: Total number of crimes in Fiji, 1990-2005

	No. of crimes
1992	17,999
1993	18,042
1994	19,730
1995	21,272
1996	21,137
1997	22,149
1998	21,575
1999	18,794
2000	20,119
2001	18,398
2002	17,276
2003	16,949
2004	16,574
2005	19,050

Source: Fiji Police Force (2009).

4. Social Policy in Fiji

4.1. Colonial Social Policy in Fiji

The social policies of the colonial era focused on providing health services, education and human capital development, creating employment, establishing credit unions and providing government sponsored low-cost housing.

The colonial government heavily invested in the education sector, founding Fiji's education system to provide basic education. Prior to independence, the European missionaries were primarily responsible for education. The focus accorded to it by the government ensured that by 1900 every village had a school and children's attendance was expected (Bullock 2005). In 1916, a grant-in-aid scheme was set up in Fiji, which gave communities and religious bodies the mandate to create schools (Tavola 1991). The foundations of the present education system were laid in 1926, when an education commission was appointed which set about registering schools and teachers, organizing the payment of grant-in-aid, setting curricula and controlling staffing standards and school inspections.

Furthermore a 1940 "plan of development for educational system in the colonial of Fiji" drew up a number of recommendations, such as the appointment of all teachers as civil servants, the creation of three district education, the establishment of a government school in every well-populated area, the consolidation of the Fijian provincial school for boys into large intermediate schools and the implementation of a primary education plan (see related discussion in Puamau, 2001).

In 1958, 14.14 per cent of the government recurrent expenditure was spent on education sector. Government expenditure in education in 1958 amounted to 1,109,208 Fijian pounds compared to 144,901 in 1946. There were 37 government schools and 475 government-aided schools. The government paid the salaries of all registered teachers, and the managing bodies of non-government schools refund to approximately 25 percent of the salaries and allowances of the government-paid teachers to whom they employ. Burns et al. (1960) noted that iTaukei students performed poorly in competitive examinations for overseas scholarships and suggested that a certain number of scholarships should be reserved for this group. Students were also trained in agriculture and technical education. While these students were able to find employment in the public sector, they had problems in finding private sector employment. Hence a report by Burns et al.(1960) recommended that as a matter of urgency, the government should direct some department (presumably the Labour Department) to co-operate with private employers in preparing and implementing a scheme for apprentices.

The year 1966 saw the introduction of an education ordinance, the public report of the higher education mission (which recommended the establishment of a University of the South Pacific of Laucala Bay) and the acceptance of the 1966 development plan by the legislation council. Among other things, the education section of this plan provided for a general reduction in the cost of primary education to parents through such measures as the abolition of the salary contribution, the payment of remission of free grants to non-government such as committees, the gradual provision of textbooks, etc. to all primary schools and greatly incremental building grants to non-government primary schools. In addition, the plan provided for grant-aiding of three more non-government secondary school each year, a great expansion of fifth and sixth form facilities and greatly increased building grants to non-government secondary school, aimed mainly at the provision of specialty facilities. By 1969, substantial progress had been made towards reducing the cost of education to parents: 100,000 was disbursed that year in the form of remission of fees grants in non-government primary schools.

The colonial administration also provided medical and health services. Particular attention was placed on improving the birth rate and reducing the crude death rate, which met with much success. In 1959, 13.3 per cent of the recurrent expenditure of the colony was directed to providing and improving health services; there was one medical practitioner for every 2056 individuals, a proportion which compared very favourably with many developed countries at the time (Burns et al. 1960). In 1958, there were four government general hospitals in the larger town with 610 beds, and 14 rural hospitals with a further 365 beds. In addition, a tuberculosis hospital (362 beds) and separate Leprosy and mental hospitals existed. There

were also 44 dispensaries. There were 32 fully qualified medical officers and 125 locally trained officers. There were 25 doctors in private practice.

A family assistance allowance scheme was introduced in the 1920s; originally the scheme was called the destitute allowance. This was given to those who decided to stay back in Fiji after the expiry of their work contracts and those who had no financial support. After the Second World War there was a weakening of the support network, particularly of bonds and obligations which commonly existed in the traditional extended families of both the iTaukei and Indo-Fijian communities. Also Fiji became a fully multicultural society with intermarriages. It experienced population increase and other sociological issues like rural-urban migration and industrialization. As a result of a combination of these factors, the colonial administration decided to meet the social needs at a micro level and consequently Europeans and part-Europeans were included, and in 1959 Fijians were brought into the scheme.

Credit unions were introduced into Fiji in 1954 with the motive of training their members in the use and control of money and the encouragement of regular savings, which was a matter of particular importance among iTaukei. Grants were provided by the government for the credit unions' establishment.

Due to the pressure of rural-urban migration, housing increasingly became a concern in Fiji. The 1952 Suva City Council demolition of unhealthy and structurally deficient buildings worsened the problem, as few replacements were built. It soon became clear that demolition could not be pursued indefinitely. By the end of 1954, 269 buildings had been demolished and with them housing for 2,340 individuals. Many of these people simply moved to other dwellings in the city, which aggravated the overcrowding problem. The matter was raised in Legislative Council in 1955 and, as a result, a Housing Ordinance was enacted in December 1955, with a Housing Authority set up in 1957.

Given the overcrowding problems in Suva, the Housing Authority decided to build thirty-five houses in the city's Raiwaqa area as a pilot project. These houses were completed and occupied in November 1959. The land was given free-of-charge; the occupants paid for the houses' construction costs in instalments over a period of twenty years, at the end of which the houses would become their absolute property. Similar projects were also undertaken in Lautoka. Authority-built houses were allotted on the basis of a preliminary points system which took into account the applicant's existing accommodation, income, family size, employment security, character, age, health and social record. In addition to this project the Housing Authority also made loans to individuals for house purchase or construction.

4.2. Post-independence social policy making

Until 1970, Fiji was a British colony. Consequently it adopted many colonially inspired social and public policies and administration procedures. Like many other states, as Fiji developed, it formed more sophisticated state operations, which shifted many responsibilities, like education and welfare, from the family to the state. These functions were assumed with view to assist families in fulfilling their roles as educators, trainers and motivators.

In the 1970s, 1980s and 1990s, Fiji's welfare policies centred around two broad issues: improving income inequality and reducing poverty, and achieving universal primary education. In development plans prior to the advent of the MDGs, Fiji's development objectives were broadly in-line with poverty reduction (given its relatively high level in the post-independence period of around 15-20 per cent), reducing child mortality, improving gender equality, achieving environmental stability and improving the health and education status of its citizens. However, with the advent of the MDGs Fiji has embraced a wider set of objectives.

Fiji's key social development strategies in the post-independence era can be summarized as follows:

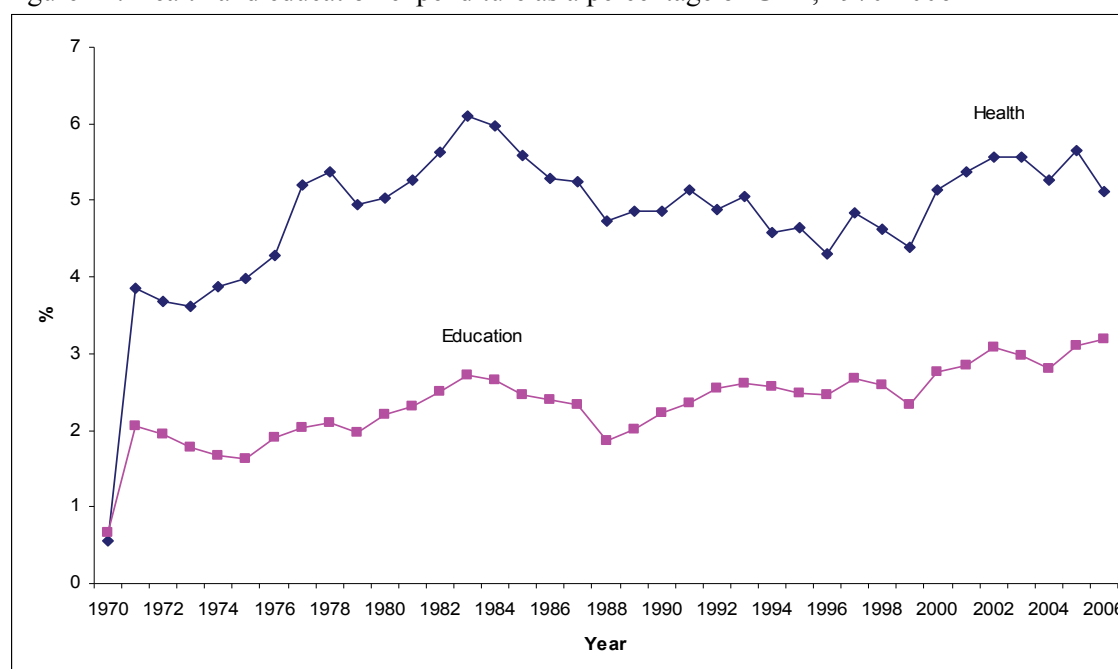
- Creation of employment and income generating opportunities for people;
- Alleviation of poverty including more effective social welfare programmes;
- A more equitable distribution of national wealth and development opportunities to ensure improvements to living standards;
- The effective maintenance of law and order to secure the safety of citizens, their families and their property;
- Accessible education for all;
- Increased access to health services; and
- Increased access to safe drinking water.

In addition to the government's growing role in social welfare, in the early 1970s many voluntary organizations increased their work in this field. The government encouraged such organizations by providing them financial assistance through different departments.

4.3. *Government Expenditure*

The trends in health and education expenditures as a percentage of GDP over the 1970-2006 period are plotted in Figure 11. Over the 1970-2006 period, both health and education expenditures have increased. Health expenditure as a percentage of GDP increased from around 0.6 per cent in 1970 to around 5 per cent in 2006. Over the corresponding period, expenditure on education increased from around 0.7 per cent to around 3 per cent of GDP. On average over the 1970-2006 period, health expenditure as a percentage of GDP increased by around 4.8 per cent per annum, while education expenditure increased by around 2.3 per cent per annum.

Figure 11: Health and education expenditure as a percentage of GDP, 1970-2006



Source: Fiji Bureau of Statistics (2009).

In Table 12, we provide an international comparison of private and public health expenditures. The table shows that public health expenditure as a percentage of GDP is relatively high in Fiji, comparing favourably to Mauritius, Vanuatu, and the East Asia Pacific

region in general. Similar trends are shown in the figures on public expenditure on health per capita. Likewise, the WHO report on Fiji's health system found a good level of overall health expenditure. Private spending is relatively low, which is a positive sign as private spending can lead to inequality in access.

Table 12: International comparison of health expenditures, 2009

	Public expenditure (% GDP)	Private expenditure (% GDP)	Health expenditure per capita (current US\$)
Mauritius	2.1	3.6	383.05
Fiji	2.5	0.9	130.41
Vanuatu	3.3	0.7	105.83
Barbados	4.4	2.4	1041.44
Solomon Islands	5.1	0.3	71.91
East Asia & Pacific (developing only)	2.2	2.2	148.27
Middle income	2.9	2.7	190.25
Upper middle income	3.8	3.1	511.55
High income: OECD	7.5	4.4	4640.32

Source: World Bank. World Development Indicators (2011)

In Table 13, we provide an international comparison of total education expenditures. In 2004, Fiji's public education expenditure was at 6.16 per cent of GDP, higher than that of neighbouring PICs and the average for middle income and OECD countries.

Table 13: Public spending on education, total (% of GDP)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Solomon Islands	..	..	..	..	..	..	..	..	..
East Asia & Pacific (developing only)	3.49	2.46	2.94	..	2.75	2.70	..	3.53	3.29
Barbados	5.64	7.24	7.05	7.84	7.18	6.92	..	6.90	6.75
Vanuatu	6.79	8.65	7.86	8.17	..	..	..	..	6.39
Mauritius	3.82	3.17	3.11	4.48	4.47	4.20	3.82	3.44	3.32
Fiji	5.86	5.62	6.24	..	6.16	..	..	..	..
Upper middle income	3.96	3.92	3.84	4.34	3.93	4.36	4.24	4.55	4.34
Middle income	4.01	3.92	3.93	4.28	3.97	4.20	4.22	4.05	..
High income: OECD	5.01	5.29	5.44	5.57	5.43	5.44	5.46	5.19	..

Source: World Bank. World Development Indicators (2011)

Note: ".." indicates not available

As a percentage of total government expenditure, average annual education and health expenditures stood at 17.0% and 8.9% respectively over the period 1972-1976 (see Table 14). Over the period 1977-1981, these figures declined to 12.7% and 5.9% respectively, while government expenditure on the economic services increased. Over the period 1982-1986, education and health expenditure increased to 18.5% and 8.2% respectively as a percentage of total government expenditure. Following the 1987 coup, social expenditure declined as more resources were diverted to sustaining military expenditures. Thus, over the period 1987-1991,

education and health expenditure stood at 15.1% and 6.6% respectively as a percentage of total government expenditure. No major change occurred in either of the expenditure shares over the 1992-1993 and 1994-1998 period, though the 1994 budget provided for increases in education (raising the per capita grants to secondary schools), health, water and sanitation. Since 1999, the share of education and health expenditure in total government expenditure increased, reaching 19.9% and 9.4% respectively for the period 2001-2005 (see table 14).

Table 14: Average health and education expenditure, as percentage of total government expenditure

Period	Education	Health
1972-1976	17.0	8.9
1976-1981	12.7	5.9
1982-1986	18.5	8.2
1987-1991	15.1	6.6
1992-1993	16.0	7.8
1994-1998	15.0	7.9
2001-2005	19.9	9.4

Source: Author's calculations based on WDI (2009).

4.4. Education

Human capital development is perceived as an integral component of economic growth. Thus, education is considered a pre-requisite for sound socioeconomic development. In the time immediately prior to and after independence, education was an important item on the political agenda. At independence, there was rapid growth in education and an increasing realization of the growing gap in achievements between ethnic groups (Tavola 1991). Fiji's development plans strongly focused on enhancing the literacy rate through providing free education (up to certain levels). Apart from making education affordable, various development plans also emphasized the need for efficiency in the delivery of education at all levels (primary, secondary and tertiary).

In Fiji, education is provided through a system of partnerships between the state and communities (Bray 2003; Bullock 2005). This system was created to foster a "strong and vital education system throughout the country... [which] provides opportunities for schools to develop their own special character, while also ensuring common standards and operating requirements are met" (Tavola 2000). This system is funded predominantly through grant-in-aid, created in 1916, which allows communities and religious organizations to set up schools. The government pays the majority of teachers' salaries, provides teaching materials and sets the curricula, whereas management and raising further funds is the responsibility of communities or religious organizations through local committees (World Bank 2007 and Bray 2003).

Over the post independence era, the broad objectives in education have been:

- (1) to ensure access to quality education through increasing the rate of preschool enrolments, introducing computers in primary and secondary schools, formulating special education programs for the disabled, introducing adult education and reviewing the education curriculum;
- (2) to strengthen iTaukei education through affirmative action policies;
- (3) to develop and support a professional teaching staff through advanced training; and
- (4) to strengthen and expand technical and vocational education training through increasing the number of qualified teachers and upgrading teaching facilities.

The sixth development plan for education was formulated on the basis of the Fiji education commission's report and was approved by parliament at its budget session in 1970. In the plan, education policy aimed to improve the quality of primary education; to reduce the cost of education to families through substantial grants to schools committees targeting building costs, salaries of licensed teachers, remissions of fees and provision of free text books; and to continue the expansion of the primary school roll and increase the enrolment of children aged between 6-11 from 89% in 1969 to 97.5% by 1975.

The introduction of fee-free primary education in 1973 and continued increase in grants to schools have been two methods to reduce the cost of education for parents. Fee-free education is being extended to cover an additional class each year, starting with class 1 in 1973 and covering classes 1 to 6 by 1978, with particular emphasis on iTaukei education. In order to improve iTaukei education there were less stringent conditions for iTaukei scholarship applications. In addition, education in rural areas was promoted by encouraging qualified teachers to teach in the remote areas. In the late 1970s further initiatives were undertaken to improve the quality of education, with an associated focus on the home environment to improve school achievement. Measures were introduced to improve alignment of technical and vocational education with manpower requirements. Initiatives also reduced education costs through remission of fees, licensed teacher or reserved teacher grants, free textbooks, teaching aid and building grants.

During the late 1970s and early 1980s, in line with government objectives of providing "ten years of education for every child who wants it", several secondary schools were expanded. In order to ease rural transportation and accommodation problems, more resources were supplied and boarding facilities were expanded. Technical and vocational education was given higher priority. Special efforts were made by the government to raise the standard of iTaukei and rural education. During 1985 and 1986, emphasis was given to providing twelve years of education to every child and improving the quality and type of courses offered, with particular emphasis on ensuring schools were well-equipped.

From 2002, increased support has been given to Government Secondary and Junior Secondary Schools by way of purchases of boarding school and day-school materials and stores.

As discussed in much of the literature on Fiji's education system, wide disparities exist between regions, socio-economic and racial groups, and institutions (Tavola 1991; Bullock 2005; Bray 2003). This is largely the result of the institutional structure involving both communities and the government. In 1998, the Ministry of Education ran only three of the 710 primary schools and 12 of the 154 secondary schools, while the rest were operated by community-based committees, religious bodies and cultural organizations. Depending on the community's resource mobilization, ethos, leadership and school style, quality varies drastically. Finance for management and building costs depends on the community's income level, leading to a tendency for poor communities to have poorly equipped schools. Also schools' leadership and ethos depend on cultural attitudes, which vary considerably, particularly between the two major ethnic groups. In addition, quality depends on the committee's leadership capabilities, personal characteristics and relationships. Tavola (1991, 2000) argues that the root cause of the problem is government's incomplete control of the education system:

"Schools are political entities, and reflect the communities they are in. If divisions exist in communities, there tend to be divisions in school committees and the level of management deteriorates. In such situations, the whole teaching and learning process suffers" (Tavola 2000).

Although there is widespread access to primary education, many students do not stay long enough to acquire the necessary literacy skills; for example, in 2005, the total survival rate to Grade 5 was 86 per cent in Fiji, compared to 92 per cent in Tonga. According to the World Bank report, Fiji is unlikely to meet the MDG on primary school completion. The reasons for drop out are likely to be low quality education, discouragement over performance and education costs.

However, the system does ensure widespread access to primary education and, to some extent, secondary education, as community participation and the fact that any group can set up a school has led to a large number of small schools that are widely distributed. The intervention of community institutions has helped preserve Fijian social and cultural structures, and traditional values are incorporated into the curricula. Also, Fiji has a very high proportion of trained teachers, approximately 98 per cent of primary teachers according to the Fiji Islands Education Commission Report in 2000 (Bullock 2005).

The fee remission scheme provided by the Ministry of Education has been in place for over 15 years and targets low income families; for children in Forms 1 to 6, the program targets households with an annual income lower than \$5000 and for children in Form 7 and in secondary education, it targets households with an annual income lower than \$8000. In addition, the Ministry also administers a tuition fee scheme which grants students full exemption of fees charged by schools with the approval of the CEO of the Ministry of Education. The tuition fee assistance is part and parcel of the government's 'fee free' policy on education, which has been progressively introduced. From 2006, the scheme extended to Form 7 students. Although fees for primary education have been abolished formally, there are many obligatory costs, such as development fees and uniforms, which remain high.

Over the decade, expenditure incurred for these schemes have been progressively increasing as the cost and demand for education rises. Likewise, the Ministry has progressively expanded its coverage of the tuition fee scheme; in 1994 it was introduced for Form 1 students only, but was extended to Forms 2 and 7 in 1995, Forms 3 and 4 in 1997 and Form 5 in 2000.

Since the 1970s, the government has placed major emphasis on iTaukei education in the Affirmative Action plan. In the education sector a specific objective is to reserve 70% of all government scholarships for the iTaukei and to increase their participation in teacher training, and undergraduate and postgraduate studies in all fields. The program aims to reduce disparities in educational attainments and thus improve iTaukei outcomes in higher education and, in turn, in employment, economic well-being and social status. There are also plans to strengthen the Fijian Education Unit within the Ministry of Education to better serve the needs of the iTaukei.

4.5. Health policy

Health is considered an integral component of socioeconomic development. A healthy population is not only productive but also happy, ensuring higher standards of living. Fiji has reasonably good coverage in terms of hospitals, health centres and nursing centres. The aim of successive development plans has been to improve the quality of health services and make health services more efficient and affordable.

The specific objectives have been to: (1) provide adequate primary and preventive health services; (2) provide efficient curative (hospital) health care services; (3) maintain appropriate levels of human resources (staff), infrastructure and facilities; (4) build a management culture that promotes and supports continuous quality improvements; and (5) improve health financing.

The broad health objectives in the early 1970s were to promote physical, mental and social well-being, protect the young and old from illness and disease, provide adequate clinical facilities and staff to satisfy the medical and dental needs of both rural and urban population; and promote a better standard of living through lower birth rates. In the late 1970s, the policy emphasis was redirected. The focus on adequate clinical services was maintained but emphasis shifted slightly towards preventive services. This occurred in the context of Fiji's agreement to the Alma-Ata Declaration of health for all by the year 2000, through which Fiji embarked on a "village-based approach" to primary health care (World Health Organization 2008). In doing so, Fiji utilized community involvement to improve health provision.

With respect to health services, government concentrated its efforts since the mid-1980s on strengthening preventive services through primary health care, improvements in hospital services and training of medical personnel relevant to the country's needs. The 1980 doctor to population ratio of 1:2062 improved to 1:1553 by 1984. To meet doctor shortages, an international recruitment of doctors was undertaken, which saw an influx of doctors from Asian countries. Meanwhile there was a two-fold increase in dental professionals. In the late 1980s, as a result of lack of resources and expertise, Fiji agreed to a policy of decentralization and capacity building of management with an aim to improve service delivery (WHO 2003); implementation was delayed and began in 1999 with the assistance of AusAid. Also, Fiji has started a Bulk Purchasing Scheme (FBPS) to encourage regional cooperation in pharmaceutical procurement; this is likely to be a positive development, but currently lacks the required political will and commitment (World Bank 2007).

As in the rest of the Pacific, the government is the principal financier and provider of health services. Health services are funded through general taxation and are free at the point of use. Health services are organized at the national, divisional, sub-divisional and area levels, with roughly 215 health centres and nursing stations (WHO 2003). As discussed by the World Bank report on social services, Fiji has had considerable success in decentralization reform, which has improved morale and resource allocation. There is little private involvement in health in Fiji, a trend which is beginning to be reversed with some providers operating on a fee basis and the opening of a new private hospital in Suva in 2001. Also, there is some NGO and community involvement, particularly in reproductive and women's health. Aside from this, traditional practitioners exist alongside public health services and are often the first point of contact for health care.

Although there have been substantial improvements to health over the last 40 years, progress has stalled recently. Consequently, in spite of credible aims and commitment, the goal of health for all by 2000 was not achieved and primary health care results have varied across the country Fiji. The former Permanent Secretary of the Ministry of Health, Dr Jona Senilagakali, blames poor results on poor government policy, lack of support and monitoring of rural provision and the migration of qualified doctors and nurses (WHO 2008). In the WHO report (2003) poor results are also credited to poor management and inadequate government funding. Results have been further worsened by disease outbreaks resulting from natural disasters, such as flooding, and high transportation costs, which continue to impede access for the poor.

4.6. *Employment Creation*

Most people are employed in the civil service, although the role of the private sector has developed since independence. However, the private sector has generally failed to create enough jobs to absorb the growing labour force. The two large private undertakings are European owned and managed, the medium-sized private undertakings are managed and owned by Europeans and Indo-Fijians, whereas the small private undertakings are managed and owned by Fijians of Indian and Chinese descent. Small undertakings tend to pay lower wage rates than larger undertakings. The trade union activity has been almost wholly confined to the European-owned and public undertakings.

Labour force growth has outstripped population growth. Over the 1970-2006 period, Fiji's population grew at roughly 1.5 per cent per annum, while the labour force grew at roughly 4.1 per cent per annum. Between 1976 and 1980, total employment increased by 3.8 per cent per year, which matched the labour force growth rate, and thus left the unemployment rate stable. However since 1980, the situation has changed rather dramatically. In the post-1980 period, net growth in employment was only 1.3% per year while the labour force grew by 3.1% per year so that the rate of unemployment increased rapidly reaching a peak of 8% in 1982. This was due to a slowdown in economic activity brought about by recessions in trading partners, which were sparked by the high oil prices of the late 1970s.

In the face of slow economic growth – at an average rate of roughly 3 per cent per annum between 1970 and 2006 –, the government has focused on improving employment opportunities in formal and informal sectors. Strategies included plans for an annual review of the employment taxation scheme and the establishment of employment exchange schemes with the United States, Australia and New Zealand. A proposal for reducing skill shortages was also formulated, which aimed to improve the quality and quantity of the skill base through expanding the intake at tertiary and vocational institutions, encouraging distance education at the tertiary level, targeting expatriate workers and former citizens, and promoting a wage system that rewards skills. Emphasis was also placed on improving productivity at the organizational, industrial, sectoral and national levels through promotion of a wage system based on productivity, the implementation of quality control and quality award framework, training, etc.

Public expenditure was targeted to programmes and projects with high growth and employment generation potential. For instance, the 1985 government capital expenditure programme targeted alone the creation of 400 jobs. Agricultural and land settlement schemes such as the Seaqaqa sugar projects, the Matasawalevu Cocoa, Dreketi rice scheme and the Uluisaivaou and Yalavou cattle projects were sequentially undertaken. Expansion and development of ginger and high value tropical fruits (pawpaw, mangoes, vanilla, pineapple, etc) were encouraged. By the end of 1985, 4,000 farm families were involved in growing cocoa.

The small and micro enterprises¹ were perceived as holding the greatest potential for creating employment and wealth in the medium term. The focus on small and micro enterprises followed from the 1996 Census, which revealed that these enterprises employed roughly 64 per cent of the total 300,000 workers. A national centre for small and micro enterprise development was established to encourage entrepreneurs. The main strategies to stimulate SMEs were improved policies and regulations for SMEs, improved coordination of SME

¹ An enterprise was defined as small if its turnover or total assets were between FJ\$30,000 to FJ\$100,000 and it employed between 6 and 20 people. It was defined as micro if its turnover or total assets did not exceed FJ\$30,000 and it employed no more than five workers.

training and development activities, improved business support services, and infrastructure to develop marketing for SMEs and create a database for SME activities.

There has been a particular focus on youth employment. Unemployed youths are of a major concern, due to involvement in drugs and crime. Special education programmes were proposed to increase awareness of the dangers of drugs and sexually transmitted diseases among unemployed youth. The government's policies centred around (1) empowering young people to secure gainful employment or self-employment, (2) developing a sense of leadership, hard work and motivation among young people, (3) providing health education including sexual and reproductive health education, (4) enhancing the provision of children protection and family welfare services, and (5) encouraging families to look after their children with greater commitment and care.

One attempt to absorb youth, and particularly iTaukei youth, into the labour market was the creation of the Republic of Fiji Military Forces (RFMF), a product of the former Prime Minister and President of Fiji, Ratu Sir Kamisese Mara. The RFMF has been participating in peacekeeping duties since 1978, beginning with its commitment to provide an infantry battalion of 500 to Lebanon in May 1978. Through its peacekeeping duties, the RFMF has helped the Fijian economy tremendously in terms of employment, financial benefits and discipline. The military has also contributed to government revenue. Prior to 1987, the size of the RFMF was basically determined by its overseas peacekeeping commitments, which include the commitment to maintain the first Battalion (Fiji Infantry Regiment (1FIR)) and the commitment to mobilize, train and deploy the second battalion for services in the Sinai Desert as part of the Multinational Force and Observers (MFO).

There has been significant growth in the RFMF during the period 1981 to 2002. However, the major growth was experienced after 1987, mainly due to the increase in the size of the RFMF during the post 1987 coup period. The number of people employed in the military sector has increased from 2579 in 1987 to 3549 in 2002. Of these approximately 28 per cent serve in missions abroad, earning income valued at approximately F\$30 million. The military provides employment to approximately 6 per cent of the total labour force. The number of military personnel employed in the armed forces by each service type over the period 1970 to 2002 is provided in Table 15.

Table 15: Military personnel and real defence spending for Fiji, 1970-2002.

	1970	1980	1990	2000	2002
General Administrative	-	115	543	223	538
Logistic Support unit	-	-	306	467	345
3FIR	-	528	1069	711	675
FMF Engineers	-	-	515	391	363
FMF Nava Division	-	127	251	225	285
Territorial Forces	-	602	446	30	30
Peace keeping	-	659	1329	929	937
Force training Group	-	-	-	304	209
East Timor	-	-	-	190	198
Total	165	2031	5015	3389	3580
Real defence spending (F\$000)	2.855	19.7252	51.51	68.2	68
Defence spending as a % of GDP	0.3	1.2	2.5	2.6	2.4

Source: Fiji Budget Estimates, various years as cited in Narayan and Singh 2007b

Notes:

1. General Administrative – incorporates both strategic and operational Head quarters services.
2. Logistic support Unit: is concerned with feeding, fitting and kitting the RFMF.
3. Third infantry Regiment (3FIR) – provides regular infantry for RFMF in Fiji.
4. RFMF Naval division – provides law enforcement at Sea and territorial water patrols.
5. Territorial forces – provides the officers and soldiers to support the regular infantry in Fiji and peace keeping operation.
6. Peace keeping – provides peace keeping troops to United Nations interim forces in Lebanon (UNIFIL) and Multinational forces and Observers (MFO) in the Sinai, Egypt.
7. Force Training Groups – Conduct new recruits' training, promotions training and overseas deployment training.
8. East Timor – provides the facility for allocation allowance and immunization funding for troops to United Nations transition administration in East Timor.

4.7. *Social welfare*

In post-independence Fiji, poverty has steadily increased, putting pressure on the government. The government's response as outlined in the various development plans has been to provide income earning opportunities for the poor, provide capacity building for the poor to take up income earning opportunities, and to provide a social safety fallback for those who are incapable of supporting themselves.

Fiji began to address poverty as a special issue in 1991; prior to this time, there was lack of commitment to address the issue. A poverty task force was appointed in May. It began by updating the poverty line (that had been estimated in 1977) to \$3000 per year, which was considered to be the minimum amount needed for survival. The task force provided

recommendations adapted by the government in 1992, which were designed to take a developmental approach to the plight of the poor. A poverty alleviation fund was introduced to provide money for those identified as poor, paid out as a grant to allow them to establish a small business or improve their housing. The government took an enabling approach, creating the conditions in which private companies and non-government organizations had the maximum opportunities to create housing for the poor.

The Ministry of Women's Affairs has gradually developed a professional approach to small income generating projects. Up to 100 carefully selected projects per year are supported and nurtured by skilful staff; these projects can last up to 2 years with the provision of education and subsequent support and monitoring.

The Department of Social Welfare is dominated by one programme, the Family Assistance Scheme. Increasing expenditure on this scheme reflects increased government emphasis on poverty alleviation since 1991. However the shortage of funds to meet the growing demand for social welfare poses a major problem for this scheme; while the scheme remains important, lack of funds and the increasing number of people struggling to maintain a reasonable level of living have hindered the realization of its objectives. In 1995, under this scheme, the Department dispensed assistance totalling \$3.5 million. This figure had increased to \$5 million by 1998, and further increased to \$8 million in 2001, \$11 million in 2002, and to approximately \$12 million in 2003 and 2004. The 2005 Budget level stood at \$15 million.

The increased expenditure reflects the increasing demand for the assistance, particularly for the destitute allowance. The number of recipients under the scheme increased from 11680 in 1999 to 20499 in 2004. The assistance is provided as a cash allowance and is intended to supplement income. The cash allowance provided ranges from \$30 to \$110 a month and is paid out to applicants who meet the following criteria:

- Elderly people over 60 years of age;
- Dependent on people who are in jail;
- Breadwinners who are chronically ill;
- Breadwinners who are severely disabled;
- Widows with dependents; and
- Women who have been deserted by their spouse and children.

4.8. Housing, Water and Sanitation

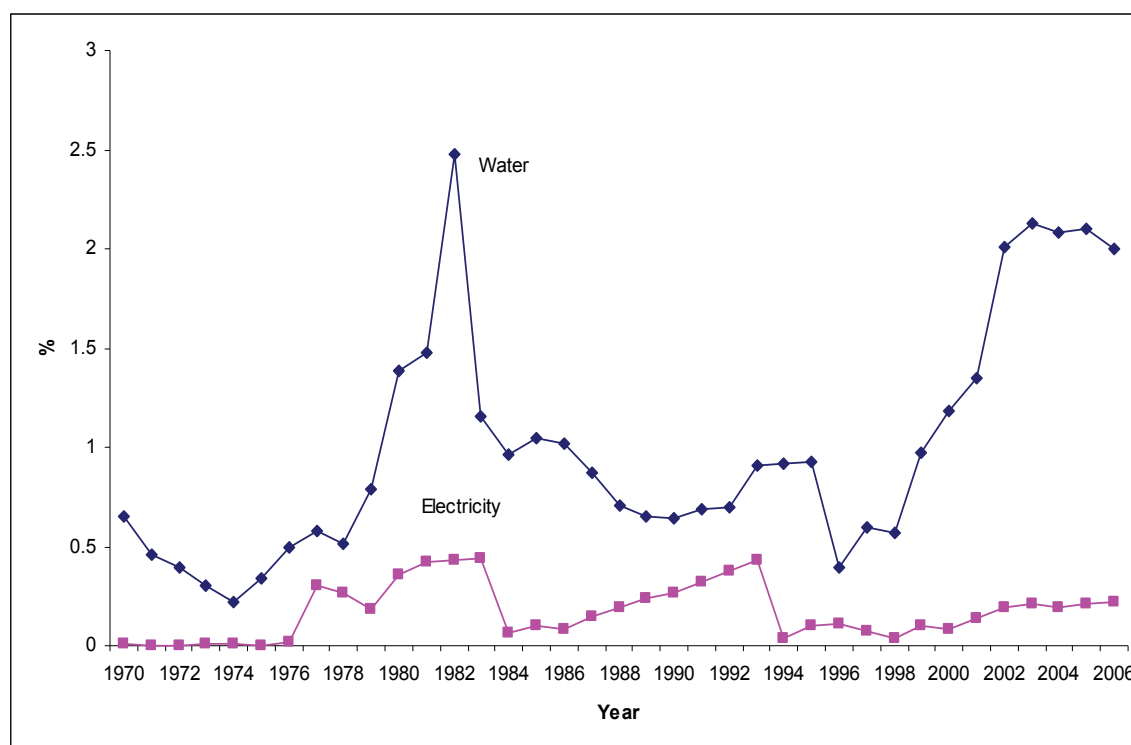
In the pre-independence era, only about 40 per cent of Fiji's population had access to clean piped drinking water. Thus, the post-independence development plans contained strategies for improving access to clean water. To achieve this, three key objectives were formulated. First, the development plans aimed to provide access to clean and reliable water to populations in both rural and urban areas through expanding the rural water supply scheme and extending and upgrading major urban and regional water schemes. Second, it aimed to provide access to sanitary and environmentally safe sewerage waste systems and treatment facilities. Third, it aimed to improve the efficiency of water and sewerage facilities.

In Fiji the cost of both land and buildings are high. High costs and the rural-urban drift over the last five years have created a situation whereby lower income families – the bulk of Fiji's population – lack proper houses. Thus, a growing proportion of urban (and semi-urban) families have squatted on state or privately owned land. The public sector, primarily through the Housing Authority (HA), is the only significant supplier of building lots for the lower income group, as profit margins are insufficient to attract private developers.

Government expenditures on electricity and water are plotted in Figure 12. We notice that government expenditure allocations for the water sector are volatile. After a period of stable

allocations of around 0.4 per cent of the GDP per year over the 1970-1975 period, allocation increased sharply in 1982 to about 2.5 per cent of GDP. It then declined sharply to around 1 per cent of GDP in 1983, reaching an average of about 0.6 per cent per annum over the 1984-1994 period. From 1998, government expenditure on water has risen; it reached around 2 per cent of GDP in 2006.

Figure 12: Government expenditures on electricity and water as a percentage of GDP, 1970-2006



Source: Fiji Bureau of Statistics (2009).

Over the 1970-2006 period, the average growth in water expenditure has been marginally less than 1 per cent of GDP. By comparison, while expenditure on electricity has been much lower than that on water, it has remained fairly stable over the 1970-2006 period, averaging around 0.18 per cent of GDP.

4.9. Law and Order

Law and order is considered a crucial ingredient for the economy, generating not only investor confidence, but also consumer confidence. In the post-independence period, with the gradual rise in urbanisation and the lack of job opportunities in rural and village areas, the rise in crime rates has been alarming. This has prompted the government to include the provision of law and order in its development plans. With a rise in criminal and civil offenses, the main strategy was to maintain law and order and uphold the rule of law.

Broadly speaking, four policy objectives feature in Fiji's development plans: (1) maintaining internal security and public order through increasing police posts throughout the country, increasing the number of active Neighbourhood Watch schemes and increasing public awareness; (2) providing an independent and impartial judiciary that can perform its duties efficiently and effectively through increasing access to legal aid services; (3) protecting and promoting national security interests through regular patrols of the Exclusive Economic Zones (EEZ) and reducing illegal immigrants; and (4) providing efficient and cost effective prisons and rehabilitation services through strengthening rehabilitation programs.

5. Social Policy in Crisis

As in other Pacific Island countries, since independence, Fiji has seen two major types of crises: man-made and natural. Fiji's military coups fall under the man-made crises. Social crises have followed the military coups of 1987, 2000 and 2006, seen in an increase in unemployment, poverty, crime and other types of violence. To counter such problems, the government response has consistently focused on fiscal expansionary measures in the form of increased police and military budgets. The objective behind this expansionary measure has been to maintain rule of law. As a result of the coups, there have also been mini-budgets announced to move the economy forward. In most cases, these budgets have been expansionary in nature, ideally to please the public and encourage approval for the coups. The mini-budgets have almost always been shaped in favour of health and education – the two aspects of life that matter most to people.

Fiji's natural crises include cyclones, floods, hurricanes and earthquakes. The hurricane season in Fiji lasts from November to April. Almost every year, Fiji is hit by natural disasters, which cost the economy as much as 3 per cent of the GDP in immediate losses. Of course, the long-term costs of natural disasters can be much higher, but these costs need to be ascertained empirically. The government has increased expenditure in response to natural disasters, in the form of aid to families, food to affected families, and a range of measures – mainly fiscal – to help the retail sector recover. The main fiscal stimulus has been aimed at generating consumer spending through aid so that businesses recover. Infrastructural responses include repairs and reconstruction of roads and bridges to rebuild accessibility to services.

6. Some comments on democracy, the welfare state, social cohesion and jurisdiction

6.1. Consensual and Participatory Democracy

In her thematic paper, Hintjens (Unpublished) explores the idea of consensual and participatory forms of democracy. She explores new forms of democratic decision-making that extend beyond conventional democracy, and which have implications for social policy making in small states.

In Fiji, there has never been a sustained period (i.e. 10 years) of democratic decision-making, neither through conventional democracy nor consensual and participatory democracy. Rather, Fiji has experienced broken democracy, whereby democratic regimes have been overthrown by military coups. 1987, the year of the first two coups, set the tone for broken democracy in Fiji. The second military coup in 2000 was used to depose a democratically elected government. Again in 2006, another democratically elected government was overthrown in a military coup. Since December 2006, Fiji has been governed by a military regime. Democracy and its norms are complicated in the Fijian context by the historical role of the Fijian chiefly system, where decision making has always been at the discretion of the chiefs. Democracy reduces the power of the chiefs in decision making by delegating power to individuals who in some cases have not had chiefly status in the Fijian society. This has created tensions and instability in Fiji's political history, which have had a negative effect on social and economic progress. In addition, ethnic conflicts between the two main ethnic groups have contributed to political instability and military coups. In this way the failure to attain a consensual and participatory democracy in Fiji is based on a lack of social cohesion.

Social policies and indeed social development in Fiji, particularly since 1987, have been victims of broken democracy. Fiji has not had the opportunity to fully engage in consensual and participatory democracy to address the social issues it faces. As discussed earlier, Fiji's

social fabric has weakened to the extent that crime rates across the spectrum have increased, while the country's health status has declined.

Fiji's broken democracy has resulted in a shift of resources from critical sectors, such as education and health, to consumption activities, such as financing civil service salaries and, more importantly, increasing budgets for the military that has played a direct role in Fijian politics in the aftermath of the coups.

6.2. Social welfare state

Bertram (2010) in his thematic paper on the welfare state in small states defines a welfare state regime as one which aims to deliver social benefits through appropriate government policies to those sections of the society who would otherwise fail to achieve such benefits from participation in the market economy. According to Bertram, the provision of state-led social service delivery, or the success of the welfare state, is contingent on the establishment of formal institutions. Often these formal institutions deliver social services in the form of income transfers or provision in kind of key basic services.

In the case of Fiji, the social welfare state is underdeveloped and has failed to deliver basic social services for a number of reasons. First, Fiji has been a debt-driven economy. Total debt stands at around 60 per cent of GDP. Budget deficits have been significant over the last three decades; in other words, the government's revenue has been less than its expenditure and the government has had to borrow to make up the difference. The escalating total debt has deprived the country of resources to develop its welfare state.

In spite of government commitment to health and education, good policies and notable improvements in social indicators, Fiji has not seen the progress that could have been possible. Given Fiji's income level, the social indicators are disappointing when compared to other countries. Also numerous problems persist in the health and education sectors, particularly in terms of lack of resources and poor quality. Although the community does play an important role in the health and education sectors, its involvement has not made up for the funding shortages. In education, community involvement has often led schools to reflect the underlying socioeconomic characteristics of their location. The housing sector is also significantly underdeveloped, especially given the high level of urbanization. Consequently health conditions are deteriorating and squatter settlements have been increasing over the last decade.

Compared with the Pacific region, Fiji has an extensive social assistance programme, in particular in the form of the Family Assistance Programme, which provides cash transfers to certain groups of people. However, with insufficient funding, a lack of unemployment insurance and a high vulnerability in Fiji, poverty has risen in Fiji from about 20 per cent of the population in the early 1990s to over 40 per cent of the population in 2007. This is an indication of the failure of the social welfare state to provide appropriate levels of social services.

6.3. Social Cohesion

Jenson (2010) in her thematic article on 'social cohesion' discusses in detail the relationship between social cohesion and social capital as two terms used almost interchangeably by social scientists. She also lists indicators of social cohesion that can be used to assess social capital formation in a society.

Using these indicators, many of which have been discussed in this paper, it seems clear that Fiji's social cohesion is insufficient to provide economic growth and happiness for the society. A number of reasons can be put forward for this breakdown in social cohesion. The

main cause is political instability. Since 1987, political instability along ethnic lines has created social fractionalisation. This fractionalisation is reflected in government policies, such as affirmative action policies which are geared towards improving the well-being of the iTaukei population. A large share of civil service positions, government scholarships for tertiary education and military jobs are reserved for iTaukei. While specific data on school enrolment rates are not available by ethnic groups, over the last couple of decades there has been a greater tendency on the part of policy makers to integrate iTaukei students into Indo-Fijian primary and secondary schools. The motivations were twofold: (1) to uplift the standard of iTaukei education and (2) to bring the two ethnic groups together from an early age. Compounding ethnic divisions, voting at the national elections is also carried out along ethnic lines.

National poverty has increased significantly over the last couple of decades and currently stands at 40 per cent of the population. Unemployment has risen steadily to over 35 per cent of the workforce. Crime rates have increased steadily, reflecting the general failure of the state to create sufficient opportunities for people to earn a living. There is a general decline in happiness levels, as reflected in the rising cases of domestic violence discussed earlier. This perhaps is a reflection of stress emanating from the lack of economic opportunities available to households.

However, faced with globalization and the increasing role of mass media and telecommunications, Fiji has made some progress in the use of modern technologies, which may contribute to social cohesion. Based on the World Development Indicators, the trends can be summarized as follows:

- Households with televisions have increased from 35.4 per cent in 1994 to 58 per cent in 2003;
- Fixed line mobile subscribers per 1000 people increased from 28.1 in 1975 to 254 in 2003;
- Internet users per 1000 people increased from 0 in 1990 to 76.7 in 2005; and
- Mobile phone subscribers increased from 0 in 1970 to 193,733, equivalent to over 20 per cent of Fiji's population.

These statistics reflect the fact that people have been able to integrate with the population through the use of modern technologies for both social and economic reasons. The degree to which this integration has contributed to social development and social cohesion is uncertain and would require further research.

6.4. Power of jurisdiction

In his thematic paper, Baldacchino (2011) discusses the relationship between the power of jurisdiction and social policies in small states. He lists a number of indicators that can be used to assess the power of jurisdiction of a state. Fiji performance on these indicators varies, with it performing better in terms of separate electoral system and political parties, and control over customs, fiscal resources, currency, international trade, natural resources, citizenship, defence, culture and education. Even among the indicators on which Fiji performs well, the ability of the state to reap benefits from this power is significantly low due to the sustained period of political instability.

Political instability has hindered Fiji from attracting the desired levels of private investment, negatively affecting export performance. Fiji's export growth has been weak and centred on only three main sectors: garments, fish and sugar. Furthermore, Fiji's control of international trade has weakened significantly in the last few decades. All three export sectors have weakened since the 1987 coups. As a result of growing domestic demand, Fiji has had to rely

on imported consumption goods, which has led to escalating current account deficits and national debt.

While Fiji has had some control over its currency, since the political instability in 1987, Fiji has devalued its dollar twice: by 33 per cent in 1987 and by 20 per cent in 1998 – totalling a 53 per cent devaluation of the dollar since the onset of political instability.

Fiji's relationship with the international community has worsened, largely due to coups. In response to coups in Fiji, developed country governments including Fiji's major trading partner countries, like Australia, New Zealand and the United States, have imposed travel and trade bans. This has seriously affected Fiji's ability to negotiate trade deals and business activities with these countries, significantly worsening Fiji's economic growth prospects.

Tourism, Fiji's main industry in terms of employment creation and foreign exchange earnings has also been victim to political instability. Australia, New Zealand and the United States are Fiji's main tourist source markets. In response to coups, the governments of these countries issued travel warnings for Fiji advising their citizens to avoid travel to the country. Thus, following the coups, hotel occupancy rates in Fiji fell to about 20 per cent.

Finally, Fiji, due to political instability, has lost control over its citizens. Many of Fiji's skilled workers have migrated to Australia, New Zealand and the United States for better jobs, more security and a better standard of life (see Narayan and Smyth 2003 2005a,b, 2006). This has been the largest cost of Fiji's coups, creating a shortage of skilled human resources and restricting economic growth.

Prasad (2004) argues that some small states are able to use their sovereignty and political status more than their economic influence to negotiate better social and economic outcomes for their populace. He suggests that small states often resort to non-market solutions or non-orthodox approaches, such as their power to negotiate aid, to provide an emigration outlet for their population or to ask for derogations in international systems. In the case of Fiji, this is true to some extent. For instance, Fiji has been able to negotiate aid deals recently. However, due entirely to coups, several bilateral aid agreements have either been cancelled or postponed by Fiji's traditional aid donors, forcing the Fijian authorities to look for other aid donors in order to fulfil its financial needs. For instance, in the aftermath of the December 2006 coup, when Australia and New Zealand suspended all aid programmes to Fiji, a Fijian delegation made up of policy makers and private sector stakeholders went to China and India with the aim of seeking development finance. They secured aid from India for Fiji's sugar industry and were able to negotiate an interest-free loan from China.

Prasad (2004) also very convincingly argues that some small states, such as Fiji, Mauritius and Barbados, have violated the principles of free trade through the creation of export processing zones (EPZs), which create artificial incentives to attract investors. This has benefited their manufacturing and export sectors, and reflects the power of small states to bend international rules. The success of Fiji's garment industry has been a product of EPZs in 1988. The garment industry at its peak employed around 20,000 people, 80 per cent of which were females, thus providing an additional source of income for many. Export of garments, at its peak, was valued at 8 per cent of Fiji's GDP.

7. Concluding remarks

In this paper, we review Fiji's social development policies and strategies in the post-independence period (1970-2006), drawing on various development plans. We conclude that Fiji has followed a fairly good set of social development strategies over the last four decades. Education and health, which were prioritized from the colonial period, have received continued government commitment. The strategies and focuses have been appropriate, with a

focus on ensuring access for all, free at the point of use and with special attention on ways to promote access for disadvantaged groups. Also, there have been efforts to improve quality and to enlarge the local level network of services. As a result, there have been notable improvements in social indicators. However, this progress falls short of what should characterize an upper-middle income country like Fiji and progress has faltered recently. Inequalities have persisted, the quality of services has varied and both health and education have been affected by problems of poor management and leadership, and “brain-drain” from migration of skilled workers. As a result, the policies and strategies set out in the development plans have failed to achieve the desired level of social development in Fiji.

We argue that the failure of strategies to achieve a desirable level of social development is due in large part to a persistent political instability. In the last few decades, Fiji has performed poorly in terms of social development and its social fabric has worsened since the military coups in 1987. In order to improve the social and economic performance of the country, Fiji will have to engage in consensual and participatory democracy, improve social cohesion, develop its welfare state and build capacity to exercise its power of jurisdiction. All this is possible through developing a stable political climate conducive for economic and social development.

However, a key issue is whether small developing states, having reached a threshold level of social development, can retain their skilled human capital in the long-run. In the long-run there will still be tendency for skilled human capital to move to developed economies because: (1) developed economies offer opportunities for a higher standard of living than the threshold level of social development in many of small developing states; and (2), most developed countries immigration policy is specifically targeted at recruiting skilled human capital from developing states, thus the movement of skilled human capital from small and developing economies, even with a threshold level of social development, is natural.

References

- Baldacchino, G. 2011. The Power of Jurisdiction in Promoting Social Policies in Small States, Thematic paper in the Social Policies in Small States Series (Geneva, UNRISD).
- Bertram, G. 2010. Assessing the Structure of Small Welfare States, Thematic paper in the Social Policies in Small States Series (London, UNRISD and Commonwealth Secretariat).
- Bray, M. 2003. Community Initiatives in Education: goals, dimensions and linkages with governments. Compare. Vol. 33. No. 1. pp. 31-45
- Bullock, J. 2005. Early Care, Education, and Family Life in Rural Fiji: Experiences and Reflections. Early Childhood Education Journal. Vol. 33. No. 1. August 2005. pp. 47-53
- Burns, A., Watson, T.Y., & Peacock, A.T., 1960. *Report of the commission of enquiry into the natural resources and population trends of the colony of Fiji 1959*. London: Crown Agents for Overseas Development and Administration or Suva: Government Printer.
- Chand, S., Levantis, T., 2000. The Fiji coup: a spate of economic catastrophes, Pacific Economic Bulletin, 15, 27-33.
- Fiji Women Crisis Centre webpage: <http://www.fijiwomen.com/>
- Fiji Bureau of Statistics, 2009. Unpublished Data File, Suva.
- Fiji Ministry of Finance and National Planning, 2004. Millennium Development Goals: Fiji National Report, National Planning Office, Ministry of Finance and National Planning.
- Fiji Police Force, 2009. Annual Reports, Fiji Police Force, Suva.
- Gani, A., 1998. Some empirical evidence on the determinants of immigration from Fiji to New Zealand: 1970-1994, New Zealand Economic Papers, 32, 57-69.
- Gounder, N., Narayan, P.K., and Prasad, A., 2007. An empirical investigation of the relationship between government revenue and expenditure, International Journal of Social Economics, 34, 147-158.
- Gounder, R. 1999. The Political Economy of Development: Empirical Results from Fiji, Economic Analysis and Policy, vol. 29, pp. 133-150.
- Gounder, R. 2001. Aid-Growth Nexus: Empirical Evidence From Fiji, Applied Economics, vol. 33, pp. 1008-1019.
- Gounder, R. 2002. Political and Economic Freedom, Fiscal Policy and Growth Nexus: Some Empirical Results for Fiji, Contemporary Economic Policy, vol. 20, pp. 234-245.
- Hintjens, H. Unpublished. Consensual and Participatory Forms of Democracy, Thematic paper in the Social Policies in Small States Series.
- Jayaraman, T.K., and Ward, B.D., 2000. Demand for money in Fiji: an econometric analysis, Pacific Economic Bulletin, 81-93.
- Jayaraman, T.K., and Ward, B.D., 2004. Is a money multiplier relevant in a small, open economy: empirical evidence from Fiji, Pacific Economic Bulletin, 19, 48-53.

Jenson, J. 2010. Defining and Measuring Social Cohesion, Thematic paper in the Social Policies in Small States Series (London, UNRISD and Commonwealth Secretariat).

Ministry of Finance 2003. *Economic and Fiscal Update: Supplement to the 2004 Budget Address*, Ministry of Finance and National Planning: Suva.

Narayan, P.K., 2004a. Do Public Investments Crowd Out Private Investments? Fresh Evidence from Fiji, *Journal of Policy Modeling*, 26, 747-753.

Narayan, P.K., 2004b. Fiji's Tourism Exports: An ARDL Approach to Cointegration, *Tourism Economics*, 10, 193-206

Narayan, P.K. and Narayan, S. 2003. The sustainability of Fiji's budget deficit: an econometric analysis. *Pacific Economic Bulletin*, 18, 77-90.

Narayan, S., and Narayan, P.K., 2004a. Determinants of demand for Fiji's Exports: An empirical investigation, *The Developing Economies*, XLII, 1, 95-112.

Narayan, P.K., and Narayan, S., 2004b. Is there a long-run relationship between exports and imports? Evidence from two Pacific Island Countries, *Economic Papers*, 23, 152-164.

Narayan, P.K., and Narayan, S., 2005a. Estimating Income and Price Elasticities of Imports for Fiji in a Cointegration Framework, *Economic Modelling*, 22, 423-438.

Narayan, P.K., and Narayan, S., 2005b. An Empirical Analysis of Fiji's Aggregate Import Demand Function, *Journal of Economic Studies*, 32, 158-168.

Narayan, P.K., and Narayan, S., 2006. Cointegration and Causality between Government Revenue and Government Expenditure: Evidence from 13 Developing Countries, *Applied Economics*, 38, 285-291.

Narayan, P., and Narayan, S., 2008a. Estimating the demand for money in an unstable open economy: The case of the Fiji Islands, *Economic Issues*, Vol. 13, No. 1, pp. 71.

Narayan, P., and Narayan, S., 2008b. Does military expenditure determine Fiji's exploding debt level? *Defense and Peace Economics*, Vol. 19, No. 1, pp. 77-87.

Narayan, P., and Narayan, S., Prasad, B.C., and Prasad, A., 2007. Export-led growth hypothesis: Evidence from Papua New Guinea and Fiji, *Journal of Economic Studies*, 34, 341-351.

Narayan, P.K., and Prasad, B.C., 2007. The Long-run Impact of Coups on Fiji's Economy: Evidence from a Computable General Equilibrium Model, *Journal of International Development*, 19, 149-160.

Narayan, P.K. and Prasad, B.C. 2008. Are shocks to real effective exchange rates permanent or transitory? Evidence from Pacific Island countries, *Applied Economics*, 40: 1053-1060.

Narayan, P.K., and Prasad, B.C., 2007b. Doubling fish or garment exports: which would benefit the Fijian economy most? Evidence from a computable general equilibrium model, *Applied Economics*, 38, 717-723.

Narayan, P.K., Narayan, S., and Prasad, A., 2009. Modelling Fiji-US exchange rate volatility, *Applied Economics Letters*, 16, 831-834.

Narayan, P.K., Prasad, R.N., and Prasad, A., 2009. The monetary approach to understanding the balance of payments for the Fiji Islands, *Pacific Economic Bulletin*, 24, 113-121.

Narayan, P.K., and Singh, B., 2007a. The electricity consumption and GDP nexus for the Fiji Islands, *Energy Economics*, 29, 1141-1150.

Narayan, P.K., and Singh, B., 2007b. Modelling the relationship between defence spending and economic growth for the Fiji Islands, *Defence and Peace Economics*, 18, 391-401.

Narayan, P.K., and Smyth, R., 2003. The determinants of immigration from Fiji to New Zealand: an empirical re-assessment using the bounds testing approach, *International Migration*, 41, 33-58.

Narayan, P.K., and Smyth, R., 2005a. Modelling immigration flows: an application of the bounds test to Fiji-Australia migration, *Pacific Economic Bulletin*, 20, 104-116.

Narayan, P.K., and Smyth, R., 2005b. Temporal causality and the dynamics of democracy, emigration and real income in Fiji, *International Review of Applied Economics*, 19, 245-263.

Narayan, P.K., and Smyth, R., 2005c. Trade liberalisation and economic growth in Fiji: An empirical assessment using the bounds testing approach, *Journal of the Asia Pacific Economy*, 10, 96-115.

Narayan, P.K., and Smyth, R., 2006. What Determines Migration Flows From Low Income to High Income Countries? An Empirical Investigation of Fiji-US Migration 1972-2001, *Contemporary Economic Policy*, 24, 332-342.

Narayan, P.K., and Narayan, S., 2007. Are Devaluations Expansionary or Contractionary? Empirical Evidence from Fiji, *Applied Economics*, 39, 2589-2598.

Narayan, P.K., and Smyth, R., 2007. Are shocks to energy consumption permanent or transitory? Evidence from 182 countries, *Energy Policy*, 35, 333-341.

Narayan, P.K., Narayan, S., and Prasad, A.D., 2006. Modelling the relationship between budget deficits, money supply and inflation in Fiji, *Pacific Economic Bulletin*, 21, 103-116.

Narayan, P.K., Smyth, R., and Prasad, A., 2007. Electricity consumption in G7 countries: A panel cointegration analysis of residential demand elasticities, *Energy Policy*, 35, 4485-4494.

Narayan, P.K., Narayan, S., and Smyth, R., 2007. Are oil shocks permanent or temporary? Panel data evidence from crude oil and NGL production in 60 countries, *Energy Economics* (In Press -- paper available online).

Narayan, P., and Narayan, S., 2008. Estimating the demand for money in an unstable open economy: The case of the Fiji Islands, *Economic Issues*, 13, 71-91.

Narayan, P.K., 2001. Fiji's garment industry: an economic analysis, *Journal of Economic and Social Policy*, 6, 1-20.

Narsey, W., 2008. The incidence of poverty and the poverty gap in Fiji: unpalatable facts for ethno-centric political parties, *Pacific Economic Bulletin*, 23, 70-81.

Norindr, S., 1997. *Fiji poverty report*, UNDP and Government of Fiji Islands, UNDP Office, Suva, Fiji.

Parliament of Fiji., 1995. "Report of the Senate Select Committee on the Housing Authority and the Public Rental Board." Parliamentary paper No. 33 of 1995.

Prasad, B.C., and Narayan, P.K., 2006. Productivity differential and the relationship between exports and GDP in Fiji: An empirical assessment using the two sector model, *Journal of the Asia Pacific Economy*, 11, 106-122.

Prasad, N., 2004. Escaping regulation, escaping convention: development strategies in small economies, *World Economics*, 5, 41-65.

Prasad, A., Narayan, P.K., and Narayan, J., (2007) Exploring the oil price and real GDP nexus for a small island economy, the Fiji Islands, *Energy Policy*, 35, 6506-6513.

Puamau, P.Q., 2001. A post-colonial reading of affirmative action in education in Fiji, *Race, Ethnicity and Education*, 4, 109-123.

Reddy, M., 1997. Devaluation and economic stimulation: the Fiji economy post-coup, *Pacific Economic Bulletin*, 12

Sepehri, A. and Akram-Lodhi, H.A. 2000. "Fiji's economy: the challenge of the future", in Akram-Lodhi, H.A. (eds) *Confronting Fiji Futures*, Asia Pacific Press: Canberra.

Tavola, H. 1991. *Secondary Education in Fiji: A Key to the Future*. Suva: Institute of Pacific Studies.

Tavola, H. 2000. *Partners in education: community-state co-operation in education in Fiji*. Paper presented at the Asia-Pacific Conference on Education for All 2000 Assessment, Bangkok.

UNDP. 2001. Human Development Report

UNDP. 2009. Human Development Report

UNESCO. 2008. Education For All Monitoring Report.

World Bank. 2007. *Opportunities to improve social services: human development in the pacific islands*. World Bank. Washington D.C.

World Bank. 2009. *World Development Indicators*, World Bank, Washington, D.C.

World Bank. 2011. *World Development Indicators*, World Bank, Washington, D.C.

World Health Organization. 2003. Essential Public Health Functions: A three-country study in the Western Pacific Region. World Health Organization. Geneva.

World Health Organization. 2008. Primary health care: Fiji's broken dream. *Bulletin of the World Health Organization*. Vol. 86. No. 3. March 2008