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**DIMENSIONS OF CONFLICT AND THE ROLE OF
FOREIGN AID IN FIJI**

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Te Kunenga
ki Pūrehuroa



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DIMENSIONS OF CONFLICT AND THE ROLE OF FOREIGN AID IN FIJI

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ABSTRACT

As diversity is the strength for economic growth quality domestic institutions and good governance are some of the essential factors to achieve sustainable growth and maintain social stability and harmony. Therefore, necessary social, economic, political and institutional dynamics contribute to higher growth prospects and mitigate conflict in a multi-cultural society. Since the 1987 military coups some of the issues that have confronted the people of Fiji, and others, co-integrate with ethnicity, political instability, conflict and governance. This article links these issues and evaluates the characteristics and factors associated with the dimensions of conflict. In particular, the study highlights the nature and impact of conflict on the civil society and growth. With several crises and instabilities in Fiji, the outcomes of strategic ethnic and distributive conflicts have created new opportunities in inequality in power and resources. The absence of land rights itself is central to the problem where the livelihood of communities are threatened and conflict arises with insecurity. What role can foreign aid play to achieve stability and avoid ethnic conflict for growth? The paper highlights these global issues and a need for a system-wide approach to address conflict and peace. The paper further discusses the use of aid for conflict settlement, growth and development, and the policy implications for Fiji.

Keywords: Conflict, Aid, Donor Approaches, Fiji

INTRODUCTION

In a society of diverse ethnic communities bridging social relations with democratic governance and acceptance of the ethnic groups to be part of the social fabric are relevant to manage conflict. Differential performances of diverse ethnic groups are most influential contributions of social capital and its differential impact on growth. Therefore, necessary social, economic, political and institutional dynamics contribute to higher growth prospects and mitigate conflict in a multi-cultural society. While these factors alone may not be sufficient to achieve growth and maintain social harmony, domestic institutions and good governance are regarded as some essential factors. Ethnonationalism in Fiji has been a key issue leading to how different ethnic structures contributed to political, social and economic outcomes as well as economic development.¹ Since the 1987 military coups some of the issues that have confronted the people of Fiji, and others, co-integrate with ethnicity, political instability, conflict and governance. As such foreign aid has been utilized to meet the goals of development. This article links these issues and evaluates the characteristics and factors associated with various dimensions of conflict and its implications for development.

Foreign aid has been utilised to meet the goals of development. The Organisation for Economic Cooperation and Development (OECD) policies for economic development of developing countries since its inception has been the provision of aid administered with the promotion of welfare as its main objective. The aid focus involves economic assistance, humanitarian assistance, emergency relief, and food aid. As many developing countries face some dimensions of conflict, aid has been utilised for security, peacekeeping efforts and conflict settlement as well. An examination of the OECD countries (i.e. Development Assistance Committee (DAC)) foreign aid trends indicate that while aid declined to 0.22 percent of their Gross National Product (GNP) in 2000, there was a modest increase in development aid in 2003. It amounted to \$68.5 billion which was a rise of 11 percent in total aid since 2001, so reversing a decade of decline in aid flows (OECD, 2004). The increase in the volume of aid in 2003 reflects a growth in bilateral aid grants and start of aid for Iraq's reconstruction, development and humanitarian needs.

The multicultural society in Fiji dates back to the 1870s. During the colonial period, when production of primary commodities constituted the main interest, there was substantial development of sugarcane plantations. The colonial investors had not been successful with other Pacific islands labour force and hence drew labour from India. Consequently, at the end of colonialism, the socio-economic structure had been turned into one characterised by primary production with heavy reliance on Indian immigrant labour. Fiji's society through the colonial migration has contributed to this social fragmentation. As seen in the global context, the dominant groups have homogenised different socio-cultural sub-groups leading to communitarianism and multiculturalism. In the South Pacific the Melanesian island countries of Papua New Guinea, Solomon Islands, Fiji and Vanuatu are those nations that are characterized by the internal social structures. With different social structures and development processes, and failure to recognise the vital role of cultural and civic education in

¹ Ethnonationalism is defined as an ideology adopted by an ethnic minority within a state, or living across state boundaries, "that propels the group to unify and identify as having the capacity for self-government", (Shiels, 1984, p. 4).

fostering an integrated community allowed deep differences, as well as, social conflict in Fiji.

Although, the level of violence in Fiji is not to the extent as experienced in Africa, Asia and other Melanesian nations of the South Pacific, however, the violence after the coups and displacement of people from the land have become enormous costs in terms of Fiji's physical, financial, human and social capital. Failure to address these issues will lead to larger problems of conflict, poverty, human and social capital crises, and economic failure. There is also a need for restorative vision and retributive justice. Requirement of the international community to analyse conflict encompasses economic, political, social, international and security issues. As developing countries face conflicts, Official Development Assistance (ODA) has been utilised for security and conflict settlement. In this framework there is a larger role of aid to provide security to a nation to achieve its development objectives. An examination of the opposing nature of diversity in Fiji provides not only an insight to various dimensions of conflict but also the role of aid to solve conflict and improve state performance. The next section analyses conflict in terms of its nature, dimensions and response. What role can foreign aid play to achieve economic and social stability and avoid ethnic conflict in Fiji? The penultimate section evaluates aid donors and development assistance to the state and civil society followed by policies and actions necessary for conflict management and growth. The final section presents the conclusion.

CONFLICT ANALYSIS: NATURE, DIMENSIONS AND RESPONSE

The failure and fate of various states have been due to complex political emergencies resulting in conflict that affected the progress and development of those countries. In a study by Goodhand and Hulme they point out that, "contemporary conflicts are not events with clear beginnings and end but are an element of a broader process of social change which is turbulent, discontinuous and the result of combinations of contingent factors", (Goodhand and Hulme, 1999, p.23). Pearce's study on Central American countries notes that "complex political emergency is a distinct category of conflict of the 1990s, characterised by state collapse/failure in countries with weak states and where the dynamics of globalisation has undermined the relevance of state- and nation building to owners of capital and power" (Pearce, 1999, p.51). The internal social structures in the Melanesian South Pacific economies have created state failure. Reilly (2004, p.479) notes that, "Melanesia is plagued by poor state performance, with negative economic growth, ethnic conflict, weak governance and military coups all signalling the failure of the state to provide basic security and public services to their citizens". The conflict associated with Fiji's multi ethnic society provides similar experiences and patterns demonstrated by various country experiences in Africa, Asia, and Eastern Europe. The politics in Fiji is still characterized by race, in which the principles of democratic rule have been thoroughly subordinated to ethnonationalism causing various dimensions of conflict.² "Fiji consists of a demonstrated case where multi-ethnicity engenders sectional consciousness which in turn renders efforts at development difficult...The phases of Fiji experience are...a paradigmatic

² "The seeds of contemporary ethnic conflict in Fiji were planted during colonial times" (Levine, 1997, p. 457), thus the divide and rule policy during the colonial period was based on race. A comparative analysis on conflict issues in Fiji and Sri Lanka has been undertaken by Nithynandam and Gounder (2004).

model...life of ethnic conflict from its inception in the colonial migration of different peoples” (Premdas, 1995, p.4).

Fiji, classified as a lower middle-income country by the World Bank, is a relatively well developed nation amongst the South Pacific island economies. On 10 October 1970 Fiji became an independent state from Britain. At the time of independence it had transformed into a truly plural society of which the Fijians and Indo-Fijians formed the largest part of the population. Others comprised of, Rotumans, Europeans, Chinese, Part-Europeans, and Other Pacific Islanders.³ The population comprised of 823,000 in 2002 that made up of 52 percent Fijians who are Christians, 44 percent Indo-Fijians (majority are Hindus with smaller proportion Muslims and Christians), 4 percent are Chinese, Rotumans, Europeans and Others (these groups are Christians). About half of the population live in rural areas (World Bank, 2004).

Fijian societies have been based on tribal groups with cultural similarities but had significant differences that existed in the pre-colonial period. The British colonial rule “attempted to impose a Fijian cultural diversity, a homogeneity and uniformity that previously did not exist” (Roberston and Sutherland, 2001, p.51). Indigenous nationalism, Fijian paramountcy and the chiefly system, indigenous commoners, Fijian culture and traditions were maintained along the political power (based on number of provisional electoral seats in the parliament), economic power (land, educational system and values, Fijian advancement) and the communal social units (family groupings (*i tokatoka*), village head (*mataqali*), head within local areas/divisions (*yavusa*) and a wider political unit (*vanua* – also relates to collective political unit and the relationship of the people to land). This social system of governance is practiced today.

A predominant feature of Fiji’s plural society had the evolution of compartmentalisation, which ultimately permeated the entire socioeconomic system. It is not a phenomenon observed simply in social terms with each group having its own language, religion, and culture besides perhaps the work ethics. The ethnic divide extended into the realms of economics reflecting clearly in the structural participation of the Fijian population including the labour market. There existed an apparent ethno-based labour specialisation. Indo-Fijians, Europeans, and Chinese dominated the productive and distributive sectors of the economy. Indigenous Fijians mainly joined the civil service and the private sector and a number of them were also involved in joint ventures, especially with the Europeans, in the business sector. The Indo-Fijians had also been proactive in providing professional services and expert skills both in the public and private sectors. The structural division of this nature embodied, on the one hand, the creative spirit in Fiji’s community. But, on the other, it gave rise to, as Premdas (1995) points out, comparison and competition within the Fijian society. Although the groups lived within the same political system, ‘national integration’ was totally lacking, it could only be described as ‘a meeting at the market-place’ syndrome. Contours of communal conflicts along political, economic and socio-cultural lines were, in the colonial era itself, becoming increasingly evident. They were poised to extend in the independent era manifesting as competition for political power.

³ Rotuma is an island about 300 miles north of Fiji. The British annexed it in 1879 and administered it as a dependency of the colony of Fiji. After Fiji’s independence, Rotuma became a part of Fiji.

The political structures changed with the military's overthrow of a democratically elected government in 1987 that had a multicultural composition of the Cabinet. Even the political power under the direction of the Great Council of Chiefs indicate that chiefly authority could not be reinstated when the two paramount chiefs of Fiji ((the late) Ratu Sir Penaia Ganilau and Ratu Sir Kamisese Mara) decided to restore the stability and confidence of the economy by reconciling the two major communities (i.e. Fijians and Indo-Fijian). The unacceptance of this by the 1987 military coup leader, Sitiveni Rabuka, resulted in an undemocratic type of governance which since then shaped the various dimensions of conflict in Fiji. The 2000 coup once again brought up the issue of Fijian supremacy and Fijian economic disadvantage to the indigenous question. This social question, no doubt, does not address the subject of elite biases and the strategies implemented so far causing conflict within the cultural system and to the other communities. Attempts towards manipulation of the system according to the strength and influence based on ethnicity ultimately resulted into several dimensions of conflict that affected the progress and development of Fiji. Against this background the dimensions, impact and responses to conflict on the civil society and growth are discussed next.

DIMENSIONS AND RESPONSES TO CONFLICT

The causes of conflict in Fiji are a result of complex mix of factors. In 2002, the leaders of Fiji in the Great Council of Chiefs meeting have pledged for national reconciliation to build a society based on goodwill and compromises. The words of wisdom also plainly apply to how markets and societies work, any lack of political, economic and social values of its respective functions affect the civil society and development of the state. Broadly, the dimensions of conflict in Fiji can be categorised as political, economic and social, each of this classification is discussed below.

Political Dimension

Weak government performance, ethnic conflict and economic deprivation have been a prominent feature in Fiji's politics in the post-independent period. Moreover, coups are the main means of political competition and power share, thus the main motivation to control the government is to benefit from it. Although it is labelled as ethnic conflict it is the crises of the state. The conflict noted during the justification of the first coup in 1987 was a broader crisis of identity, policies and leadership. Cliffe and Luckham (1999, p.32) point out that "the causes of complex political emergencies are not only to be found in the issues around which conflicts are politicised such as ethnicity or regional identity but also in the prior trend towards a failure of governance". Essentially, the dynamics of race has affected the issues of good governance. While the political configuration and the institutional structures based on a democratic system can be traced to the pre-coup (1987) period, the post-coup political structures have a non-democratic design. Fiji remained a military-dominated government, and the elections held under the 1990 Constitution led to an outcry against non-democratic practices, blatant racism and marginalisation of Indo-Fijians (EIU, 1998; Robertson and Sutherland, 2001).

Fiji, since the coups, has seen abrogation of and changes to three Constitutions (i.e. 1970, 1990, 1997 Constitutions) over the last decade and a half which suggests political crises. The political power in the independence Constitution of 1970, along the lines of democracy, provided the indigenous people with rights and privileges, and also recognized and supported demands for political freedom, equality and opportunities for participation among other communities.⁴ The policies of the post-independent Mara government had adopted economic and social policies for Fijian advancement, “proposals were: 50 percent of government scholarships for Fijians, preferential loans, training Fijians in business, increased the number of Fijian companies, reservation of certain lines of goods for sale exclusively by Fijians, and racial parity in the public service” (Robertson and Sutherland, 2001, p.75). The political conflict amongst the Nationalist Fijians and (the late) Ratu Mara’s governance was the dissatisfaction on land issues, trickling down benefits to all Fijians and Fijian paramountcy. The new 1990 Constitution indicated that “the Great Council of Chiefs as the guardians of Fijian tradition and collectively the inheritors of sovereignty over the lands and waterways of Fiji”. This Constitution implemented by the Rabuka government stated that no member of one ethnic group can vote for a candidate from another ethnic group, i.e., Fijians are to be elected only by the Fijian voters, Indian by Indian voters, a roll of voters who are Rotumans, and a roll of General Voters (i.e., Europeans, part-Europeans and Chinese). An example of entrenching racism in the political affairs is the composition of the Parliament.⁵ Key positions of the President, Prime Minister, and the Police Commissioner were to be held by ethnic Fijians. Senators were not elected but appointed by the President, who under the Constitution must be a Fijian.

In terms of employment policies, under the Public Service Decree, it was a requirement that not less than 50% Fijians and Rotumans, and not more than 40% of the members of other communities were recruited, and the Judicial and Legal Service Commission had a similar categorisation, provisions for the promotion and safeguard of the economic, social, educational, cultural, traditional and other interests of the Rotuman people as well.⁶ In the post-1987 coup period the economic affirmative action was seen as a national reconstruction, “an embodiment of ‘progressive’ ethnic Fijian thinking”.⁷ The post-2000 Qarase government also established the Blueprint for Fijian and Rotuman Development in addition to a 10-year plan for Fijian development. Thus, the state ideology prominence has always been for the development of the Fijian community.

⁴ According to Elster (1994) constitutions matter for economic performance to the extent that they promote stability, accountability and credibility.

⁵ The 1990 Constitution provides for 70 seats in the House of Representatives and the allocation of seats suggests gross malapportionment: 37 Fijian, 27 Indian, one Rotuman and five Others, for a five-year term. In regards to the intention of ‘protecting the rights of the indigenous Fijians’ this change to a Fijian-dominated Parliament is hardly surprising (Gounder, R. 2004, see Appendix Table A1, Table A2).

⁶ These Constitutions lacked the initiative to develop a common perspective for all ethnic communities for a ‘democratic system’ advocated in these constitutions (Lawson, 1991). Key areas that lacked this initiative were the economy, education, industrial and infrastructure policy and social well-being. “There is the perception of inter communal competition rather than inter communal cooperation. This is a legacy of cultural politics and the deployment of traditionalism as a means to a political end” (Lawson, S, 1991 - fn. 25).

⁷ Ratuva (2000) examines the changes of the economic affirmative action perspectives in the post-independence and post-1987 coup period.

Economic decline has been a result of the failure of the state. Rabuka's almost 12-year reign saw the economy teetering on the brink of collapse. The 1999 election under the new 1997 Constitution was regarded as the country returning to democratic rule. However, the Speight coup in May 2000, yet again, indicates another turning point of power struggle and the crises that further elongated the chance of economic progress, as coups are becoming fashionable to reason the actions of some groups, identifying it as the Pacific way. Coups in Fiji have been carried out by small organized groups who take advantage whereby ethnicity has been blamed as the discontent of the citizenry. Lal and Pretes (2001) study points out that in the 2000 coup the power-grab has been more of economic interests of George Speight and his supporters than about ethnicity *per se*, raising the issue of indigenous versus immigrants. The conflicts along with political, economic and socio-psychological effects affected development efforts.

Ethnicity has been blamed even when there is a failure of development and crises gloom the economy when all were in agreement with the economic liberalization, privatization and other economic reform policies. Various changes of the state, though normally discussed on the ethnic lines, have been a manifestation of deeper problems of the failure of the state. The personalised and exclusive nature of the government also divided the resources based on the politics of ethnicity. These concerns have become some of the significant factors of the political dimension of conflict. Longer these divisions continue the harder will be the government task to reforms. There is a need to rebuild an inclusive ethnic politics that target all people in the economic, social and political spheres with the institutions implementing democratic norms for state performance and development.

Economic Dimension

Conflict is a major constraint on development and in many respects lack of economic development contributes to the economic dimension of conflict. While the aid donors regard conflict as a major hindrance to growth, lack of resources and policies become the consequences of poor development. The state's massive involvement was in the agriculture sector. As Fiji's transition from a plantation economy to production of exports and imports took place, the other major industries like manufacturing and tourism sectors became the main sources of income. Performance of the economy was based on the role of the state. Towards the end of two decades of independence disagreement on the interpretation of political liberalism resulted in an authoritarian system of illiberal cultural community with implications for economic resources, land property rights, economic growth and economic dimension of conflict.

The post-independent Mara government's support for growth started with the import substitution policies, investment-led growth, and various policies to ensure an increase in investment through the export promotion strategy. To support these strategies liberalising of financial markets and banking sector, macroeconomic stability, provision of basic infrastructure and education facilities, and promoting foreign direct investments (FDI) were some key policies. With agricultural growth fluctuating Fiji put forward development of the industrial sector as one of the main growth strategies in the 1980s through promotion of industries and manufacturing sectors. However, the military coups affected political and economic stability immediately with major impact on all sectors of the economy (Gounder, 1999). A number of policy reforms introduced in the post-1987 period to spur economic growth have been insufficient in

stimulating export-led growth. Private investment and FDI have not increased despite the government's assurance and policies to support private sector development. With low technical know-how, weak public and private investment sectors and an increasing emigration of skilled labour, Fiji faced major lack of growth factors. While it requires market signals emanating from policy reforms and deliberate policies to stimulate investment, lack of political stability affected successful integration into a global economy.⁸ The May 2000 political crises suggest that achieving democratic principles, law and order, and good governance cannot be assured to create wealth.⁹

The changing direction of politics has not been helpful for economic growth and development. Experiences of the past decade show that Fiji has been faced with increased negative growth rates, high imports, fluctuations in export earnings, falling commodity prices and handicapped in competition, and affected by natural disasters. The process of consolidating democratic government and embracing a market-oriented growth strategy has been affected by the May 2000 coup. The per capita income in fact has gone back to the levels of the pre-coup period.¹⁰ Despite considerable progress achieved in the 1970s the coups of 1987 have a deleterious impact on growth. The main problems are governance and political instability, inadequate protection of property rights, weak growth impulses in the export sectors, absence of strong backward linkages in the export sectors, very low private investment and FDI, and out flow of skilled labour since 1987 which increased following the May 2000 coup (Gounder, 2002).¹¹

Issues of land leases have led to economic conflict which has created new opportunities for rent seeking and profiteering at various levels of land ownership. The driving force for this conflict has increasingly shifted from grievance to greed which also suggests an economic motivation for conflict. Also, Indo-Fijians were blamed for the Fijian economic backwardness (Robertson and Sutherland, 2001). Where Indo-Fijians have been displaced from the land due to non renewal of leases, cultural differences and bringing the resentment position accentuated by the leaders have become a source of conflict in agrarian societies, including a major impact on poverty. This also has a bearing on their capacity to overcome difficulties imposed by unfavourable structures as economic and social uncertainties have created long-term

⁸ For example, Central American economies that have experienced major civil and political conflicts have changed their political systems to move towards democratically elected governments that enhance growth (Agosin, 2001).

⁹ Gounder's (1999) study on the impact of political instability on Fiji's economic growth and the factors of production shows a negative impact on capital and labour inputs due to the coups that decrease economic growth.

¹⁰ On average Fiji achieved an annual GDP growth rate of 1.6 percent for the period 1981-1997. Fiji's income per capita in 1997 was US\$2340, which experienced a -0.5 percent decline in average growth rate from 1996, and the 1998 per capita average annual growth of income showed a -5.7 percent decline from 1997 (World Bank, 2004).

¹¹ Majority of the emigrants after the 1987 coups were professional and technical workers (consisting of architects; accountants; teachers; medical workers; transport workers; clerical workers and supervisors; administrative and managerial workers; sales personnel; agriculture, animal husbandry and forestry workers; fishermen as well as service workers) that have a direct effect on those sectors that employ such professional manpower. The horizontal inequality in labour force is seen where the Indo-Fijians make up a larger proportion of the skilled labour force. While Indo-Fijians make up some 90% of the skilled emigrants, ethnic Fijians and other ethnic groups comprised 6.3 and 3.7% of the total emigrants in 1995 (Reserve Bank of Fiji, 1997). The first half 2000 emigration shows a 14% increase over the same period last year (Reserve Bank of Fiji, 2001).

adversities for economic development. The rural economy is fragile where poverty has been staved off by the inflow of transfers and remittances. Fiji has many political, economic and social dimensions of inequality and “these inequalities have in no way been tackled” (Stewart, 2001, p.17). Other major element to avoid further inequality is based on welfare analysis of development policy. Dominance in government by one group and its unwillingness to share political power suggests that any policies to correct economic inequalities may be thwarted.

Social Dimension

Markets do not see the identity of the person to buy and sell the commodities and provide services, thus political conception of social/ethnic separatism is misleading as a cause of conflict in Fiji. A study on Sri Lanka by Bush points out that “identity does not mobilise individuals, rather individuals mobilise identity” (Bush, 1999, p. 17). Where cultural differences constructed by leaders for political and economic purposes exit, the impediments of development and alienation of other ethnic groups from the political and economic order also place individuals at the centre of concern. In the complex political emergencies when the issue of interest groups arise it also generates emotional economy.

As an immigrant group to the island nation of Fiji since 1879 Indo-Fijians have families living in Fiji for four to five generations thus drawing on the concept of ‘traditional homelands’, where these generations of labour force have been employed and empowered for economic progress through cultivation of the land and/or business for long-term growth. The onus is then on the people to safeguard their rights. Different social structures and development processes, and failure to recognise the significance of cultural studies and civic education in fostering an integrated community allowed deep differences as well as social conflicts in Fiji. Insecurity of land as a means of production increased where the livelihood of other communities (minority groups) are threatened. This problem heightened with the May 2000 coup and most Indo-Fijians faced violence and damage to their assets.

The differentials in policies and preferences for diverse ethnic groups suggest sub-optimal policies selected under many circumstances that have led to inequality in the provision of public goods and horizontal inequalities. For example, Indo-Fijian schools have found less resources being allocated to most of the schools, even when these schools have higher Fijian enrolments than Indians and they too suffer the biases (www.fijilive.com/news, 21 April 2001). The Indo-Fijian agriculture tenants faced increased rent ranging from 390% to 1500% assessed on tenants dwellings and ownership of capital goods (tractors) while the rent was determined and applied selectively leading to corruption (Prasad, 1997). Government also embarked to combat and neutralize Indo-Fijians in the sugar industry through the Sugar Industry Protection Decree and National Protection Decree of June 1991 that criminalized legitimate trade union activities. In addition, other industries were controlled under the Economic Protection Decree (Premdas, 1995). The social consequences of economic policy have also created divisions and inequalities (Durutalo, 1996).

Social conflict to the extent countenanced now in Fiji was not seen immediately after the first 1987 coup. The racially biased 1990 Constitution, consistent ignoring of land lease issues, and non-acceptance of the democratically elected government in 1999

once more led to other problems. So conflict rose with insecurity. The May 2000 coup heightened violence; damage to houses, farms, personal property (farm implements and vehicles were razed) and cattle were slaughtered; burning and looting of homes and shops affected the Indo-Fijian community. Most people moved to displaced peoples centres to escape the racist attacks on their property and life. Two refugee camps were established one at the Fiji Girmit Council complex in Lautoka for people residing on the main island of Viti Levu. Some 70 families i.e. around 300 men, women and children were affected by post-coup racist violence, children and youth comprised the largest number (Naidu, 2001). Another camp in Valelawa was established on the other main island of Vanua Levu for those evicted farmers whose leases had expired and were about to expire and had the potential to being evicted by the NLTB/landowners. Around 40 families i.e. some 200 individuals were involved.

In the case where farmers faced violence, children and women were also part of the disturbing escalation in the violence. Ethnicity and economic factors have played a large role in the actions of the rebels. Many social organisations (e.g. Citizen Constitutional Forum, Social Action for Human Rights Aspiration, Fiji Women's Crises Centre, Fiji First Movement, and others) have assisted Indo-Fijian farmers who fled to refugee camps to escape the terror in the rural communities. A long term adverse impact that has a high intensity belligerent effect is on the children who witnessed the atrocities and threats on them and their families in Mauniweni and Seaqaqa districts where people have lived in the multi racial community for over 100 years. The racial relationships between the communities were shattered during the May 2000 coup. Non-cooperation from the rebel leaders and village head indicated moral hazards.¹² Save the Children Fiji and Save the Children New Zealand (2002) undertook a project in 2002 to address the issues of racial tension so children could voice their concerns through Play-Theatre in Mauniweni.

The effects of conflict led to various societal grievances. For example, school leavers who are not able to get jobs after completing their high school education have been frustrated that led to suicides. There has been rising rate of unemployment, suicide, disillusionment amongst the youth and high crime rates. Other social effects of these phenomena combined with wide spread labour migration on family structures and inter-household relations have contributed to vast problems.¹³ While it is one thing to be part of international peacekeeping forces that Fiji has been involved with in Lebanon and the Solomon Islands, it is quite another to understand the desires and motives of the belligerent so as to influence their actions in ways conducive to peace rather than conflict at home.

IMPACT OF CONFLICT

The political science and economic literature note the forces responsible for the changes in the economy and the economic performance, in terms of efficiency, innovativeness and growth, largely depend on the economic and political institutions, and policies adopted by a country (Bernholz, 1992). The underlying adverse impacts

¹² Murshed and Sen (1995) have discussed the issues of moral hazard in relation to aid conditionality and military expenditure in developing countries. In the African context Addison (1998) presents various issues of moral hazard and the post-conflict reconstruction and reform policies.

¹³ These issues need to be further studied.

on the determinants of growth suggest that developing countries' lack of growth and their regional growth differences result from the negative effect on the factors of production and its dynamic forces of productivity increase. Factors such as physical and human capital, labour supply, trade orientation, technical progress, economies of scale, increasing returns, spillover effects are adversely affected. To measure the impact of conflict on growth socio-political-instability and economic variables such as riots, political demonstrations against the government, assassinations, strikes, *coups d'etat*, revolutions, labour, capital, etc have been used (see Nelson and Singh (1998) and Gounder (2002) for the literature cited therein).

Subjective measures on the quality of governance on economic growth (i.e. level of corruption, the degree to which the rule of law and property rights are respected and the quality of the bureaucracy) have also been undertaken (Mauro, 1995; Knack and Keefer, 1995; Clague, *et. al.*, 1996). Generally these studies found that a low level of corruption, respect of the rule of law and property rights and an efficient bureaucracy are growth enhancing. In the economies with ethnic diversity, Easterly and Levin (1997) point out that ethnic fragmentation was key to Africa's growth tragedy. Rodrik's (1999) study notes that ethnic fragmentation resulted in a range of negative outcomes, including poor economic growth and income inequality. In the case of Papua New Guinea, Reilly and Phillpot (2002) note that, disparities in provisional development was due to differences in ethnic diversity from province to province.

In Fiji, since the colonial time of moving the economy towards a market-oriented system of earning income, we observe that conflict created in the form of confrontation, threats, personalised politics, and long-standing prejudices between races have contributed to ethnic conflict that affected the people and development. "Non-integration – consciously engineered and preserved as it had been... constituted Fiji's main problematic feature" (Doornbos and Akram Lodhi, 2000, p.11). As Fiji experienced political, economic and social turmoil after the 1987 military coups, justification for the coups ranged from the fear of communism, to the loss of Fijian identity to the abrasion of Fijian customary and land rights.¹⁴ The political culture of Fiji suffered serious erosion in the wake of the first coup with changing political and economic rules of operation by the military. Generally, these changes may be required to justify the coup to begin with.¹⁵ Fiji's ethnic conflict and economic slowdown has deep political roots. In the post-1987 coup period slow growth and rising unemployment have given new life to nationalism, provincialism, protectionism with serious implications. A number of structural reforms were introduced, but the

¹⁴ The colonial government issued special status for the indigenous Fijians in regard to land ownership and matters of customs through the Fijian Affairs Ordinance in 1945. The key legislation of leasing Fijian land prevents amendments without concurrence of indigenous Fijian members, in particular, the Great Council of Chiefs (Powles 1996). Several acts were entrenched to protect land rights, i.e. Native Land Trust Act, Fijian Development Fund Act, Rotuma Act, Rotuma Lands Act, Banaban Land Act, and the Banaban Settlement Act. These various legislations clearly show that those fears are unfounded.

¹⁵ For example in the case of Ghana the military overthrow of a civilian government in 1972 where devaluation of the cedi was cited as a primary rationale for staging the coup (McGowan, and Johnson, 1984). Another argument to justify a coup may be the reassertion or strengthening of traditional values and culture, and obscuring corruption.

economy did not perform to its capability despite new reform policies resulting in inadequate governance, economic decline and social conflicts.¹⁶

The structure of civilian authority and constitutional procedures in Fiji changed after the coups and the dramatic effects of political instability and the discernible adverse effects on the economy have been substantial with repercussions of various political, economic and social crises. The post-coup period has been noted for institutional racism, nepotism, provincialism, bigotry and corruption (Naidu, 1997).¹⁷ The 1987 coups had an immediate adverse effect on all sectors of the economy, i.e. the sugar, tourism, garments, building and construction, and gold mining sectors performed below their capacity. Public and private investment fell, and exports and import sectors experienced a decline. Consumers and producers became cautious of uncertain future state of the economy resulting in variability of economic activities.

The impact of uncertainty regarding the renewal of land leases affected productivity and growth in the sugar, tourism and other agricultural export commodities resulting in inadequate security for international and domestic investors (World Bank, 1996). Insecurity also led to migration of professionals which contributed to shortage of skilled labour and decline in the productivity of the nation. Overall, the impact of coups caused sharp foreign and domestic investment contraction, deterioration of businesses and consumer confidence, crime and unrest that further weakened the economy (Gounder, 2002). Harmful impact on the social indicators signify increased crime rates, poor health and housing conditions, increase in squatter settlement, high drop out rates in the primary and secondary levels of education (mainly due to inability to meet the cost for books, fees, transportation to school), compounded by a shortage of teachers. The cycle of economic downturn resulted in a larger proportion of households living below the poverty line, about 25 percent of the households lived below the poverty line in 1991 compared to 10 percent in 1977 (Alburg, 1995, UNDP and Government of Fiji, 1997). “Approximately 60% of the households are living below the poverty line, poverty accelerated after the events of 2000” (Narain, 2002, p.2). Poor economic performance, several dimensions of conflict, weak governance and military coups signalled to the failure to provide basic security and public services to the citizens. The May 2000 coup again fuelled ethnic conflict and the segmentation of economic and social structures and policies. It further contributed to transfer of hardships to various ethnic groups. The gravest impact of the crises is an increase in the number of people living in poverty where increasing ethnic tensions, power politics and race have been regarded as the causes of domestic problems.

Ethnic separation categorised in the 1970, 1990 and 1997 Constitutions by race and the influence of shift in social identity as a ‘visitor or *vulagi*’ to non-ethnic Fijians followed decisive politics (see also Ravuvu, 1991, pp. 58-60). Capitalism based on ethnic identity and economic affirmative actions come into conflict with Fiji’s

¹⁶ Fiji experienced negative growth rates of per capita GDP in 1997 and 1998, and ‘the medium term outlook continues to be affected by low levels of investment, downturn in employment growth, building and construction remain very weak, and partial indicators of plant and equipment investment point to little, if any growth’ (Reserve Bank of Fiji, 1999, p.1). Fiji’s Bureau of Statistics notes that after the May 2000 coup, “Fiji’s trade deficit widened by \$71.2 million for the year ended 2001” (*Daily Post*, May 9, 2002).

¹⁷ As Fiji entered the twelfth year of political instability and scandals enveloped various institutions such as National Bank of Fiji, Native Lands Trust Board, Housing Authority.

economic liberalization policies of globalization that ultimately threatens state policies that seek to grant ethnically based preferences (Ratuva, 2000). Given Fiji's republic status and the plural society means that being part of the nation also direct the citizens to embrace loyalty that is similar to indigenous people. Therefore, "identification of the citizen with the republic as a common enterprise is essentially the recognition of a common goal of the role of political identity" (Taylor, 1995, pp. 191-2). The sense of social identity has a significant impact on human behaviour and it is central to human life. But the question of social identity has to be asked, "where identities emerge by choice or passive recognition and how much reasoning can enter into the development of identity" (Sen, 1999, p.6).¹⁸ However, the implications of this doctrine in culture, identity and way of life have not been the case despite Fiji being a republic.¹⁹

On the issue of distributive conflicts and possible failure of why the Fijians (land owners) received a smaller proportion than Indo-Fijian farmers, the economics literature clarifies that complex relationship between inequality of payment under the Native Land Trust Board (NLTB) and the land owning units and unsuccessful collective actions explain why such inequality in distribution exists (see also Ward, 1995). Conditional receipts (received by NLTB, land owners, communal groups) in recognition of obligations from land use have often become personal, while the unconditional income (paid by Indo-Fijian farmers) led to obligations not met, high transaction costs and eviction from the land. The effects contributed to various dimensions of conflict, crises and instabilities.

Discriminatory policies deprive the nation of long-term infrastructure investment and local capacity building.²⁰ In addition, implementations of various discriminatory policies have led to low productivity, less accumulation and leakage of investment capital, therefore experiencing under performance of the economy. Displacement of a society also has a bearing on its capacity to overcome the difficulties imposed by unfavourable structures and economic and social uncertainties. Political stability can be achieved where diverse composition of ethnicity is accepted to be part of the social fabric. "Rich societies are not rich because of superior culture...but because of accidental geographic and demographic make-up" (Easterly, 2000, p. 30). Consequently, maintaining a better standard of living for all ethnic communities leads to growth and stability.

What are the dangers of the new depression Fiji is experiencing? Businesses and individuals hold debt-burdens and divert cash flows to repayment at the expense of spending while lenders have turned cautious. This in turn has created social crisis while the economic slump was blamed on ethnic hatred. Ultimately economic development is adversely affected with low production, job loss, falling income, high crime rates and school dropouts, trafficking of drugs, sickness, AIDS, increasing squatter settlements and environmental problems. Segmentation in the production

¹⁸ In the *Theory of Justice* (Rawls, 1971), the framework of fairness for a group of people involves arriving at rules and guiding principles of social organisation that pay particular attention to everyone's interests, concerns and liberties. Applying Adam Smith's assumptions of self-interest and human motivations to a market economy suggest that social role or such values matter (Smith, 1976).

¹⁹ Levine (1997) notes the impacts of culture conflict in Fiji, Papua New Guinea, Vanuatu, and the Federated States of Micronesia.

²⁰ Chand (2001) points out these issues as lessons for development from Pacific Island countries experiences.

system led to transfer of hardship to Fijians, Indo-Fijians and other ethnic groups. "There are severe inequalities within each community, greater in the Indian community, such that poverty levels and basic need indicators are somewhat worse in this community" (Stewart, 2001, p.16). As the factors leading to humanitarian crises and conflict are an interaction of economic and social factors with political and cultural divisions, foreign aid can play a crucial role to address these problems to achieve stability and avoid conflict for growth.

AID FOR CONFLICT SETTLEMENT AND POLICIES

The concept of aid has been redefined to include broader aspects of development objectives since the goals and priorities have changed for developing countries. A new orientation of foreign aid mainly aims at alleviating poverty through technical cooperation, private sector development, increased participation of women in development, good governance and environmental sustainability. A recent important development in the aid field occurred as many developing countries face some dimensions of conflict, thus it produced more complex circumstances and multidimensional issues of using aid for security and conflict settlement (Macrae, 2001, Addison, 2000).

The 1990s witnessed the expansion of political aid by major bilateral and multilateral donors to address conflict prevention and management, and resolution (i.e. post-conflict peace building) mainly in Asia and Africa. A normative and political dimension to development cooperation policy incorporates good governance, democracy and participatory development as core objectives (Santiso, *et al.*, 1998). What role can foreign aid play to achieve stability and avoid ethnic conflict for economic growth in Fiji? As such aid is an important part of development related goals to solve conflict. First, development assistance can support prevention of conflict for economic development. So conflict is not just linked to poverty but becomes part of development process within the political framework where economic, social and political-preventive diplomacy are employed to support development goals. Second, as conflict occurs, then development assistance can be utilized for various purposes (i.e. emergency humanitarian aid, multinational peace keeping force, multinational negotiation, etc). Foreign aid's new role is vital in light of this to obtain peace and progress for the people.

Overall, the western donors have limited or minimal interests from a geo-strategic, political and economic perspectives for the island nations of the South Pacific, Australia, New Zealand, France and Japan are the major donors to this region. These donors' objectives of development assistance to the island nations can be categorised as foreign affairs (regional security and strategic interests), economic (trade and investment) and social humanitarian concerns (poverty alleviation, provision of basic needs). While these donors have mainly allocated aid through a variety of economic and social activities, the recent focus of aid to the South Pacific islands, such as the Solomon Islands, have been allocated to promote regional stability, security and growth. Establishment of a Peace and Security Fund in the Pacific is to provide assistance to directly address needs in the post-conflict societies and strengthen the broad security framework through initiatives to counter trans-national crime and terrorism (Commonwealth of Australia, 2003). Major donors South Pacific aid programmes of the

last three years have provided support to promote peace building, prevent conflict and conflict resolution, reconstruction in affected areas, poverty alleviation and human rights issues. Substantial funds have also been allocated via multilateral and non-government organisations (NGOs) to the support activities of governance and security.

Official Development Assistance to Fiji

Development assistance to Fiji has been substantial to meet resource needs. Table 1 presents a detailed disbursement classification of official flows to Fiji in terms of total ODA receipts net by bilateral and multilateral donors. Over 95 percent of aid is in grant form. On average Fiji has received a total of \$45million per annum in ODA in the 1990s. This represents between 2 to 4 percent of Gross Domestic Product (GDP). Aid declined to an average of \$30 million after 2000 as some donors (i.e. Australia, France, Japan, and New Zealand) suspended aid to Fiji after the 2000 coup. When the aid programmes resumed after six months some of the projects were not implemented or delayed. Aid in loan form has generally been very low in the 1990s, i.e. on average of about \$1.5million. In 2002 Fiji received a gross ODA loan of \$7.3million from Japan. Most of the donor funded projects constitute a significant proportion of the public sector investment programme.

Almost 95 percent of Fiji's bilateral aid comes from Australia, Japan and New Zealand. The multilateral aid comes through Asian Development Bank (ADB), European Union (EU), and the United Nations (UN) organisations and the World Bank. The EU provides aid that is also tied through exports credits (i.e. sugar export) and the United Kingdom through its membership of EU has economic and historical links with Fiji. In addition, bilateral donors through its multilateral contributions support ADB, UN and the World Bank for development activities in Fiji that allocate funds through the government focusing on poverty alleviation, governance, environment and gender. The NGOs also play a crucial role in Fiji. Bilateral donors through the NGOs have provided assistance in a variety of programmes from community development to micro-credit, human rights organisations and other social development programmes.

Table 1. Disbursements of Aid to Fiji (US\$Million), 1996-2002

DAC COUNTRIES	TOTAL RECEIPTS NET							TOTAL ODA NET							GRANTS						
	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002	1996	1997	1998	1999	2000	2001	2002
Australia	12.5	13.9	11.2	11.2	11.1	8.9	9.5	12.5	13.9	11.2	11.0	10.7	8.5	8.6	12.5	13.9	11.2	11.0	10.7	8.5	8.6
Austria	-	-	0.0	-	0.0	-	-	-	-	0.0	-	0.0	-	-	-	-	0.0	-	0.0	-	-
Belgium	0.2	0.0	-0.1	-0.3	-0.1	0.0	0.0	-	0.0	0.0	-	-	-	-	-	0.0	0.0	-	-	-	-
Canada	-	-	-	-	-	0.0	0.0	-	-	-	-	-	0.0	0.0	-	-	-	-	-	0.0	0.0
Denmark	0.0	0.1	0.0	0.0	-	-	-	0.0	0.1	0.0	-	-	-	-	0.0	0.1	0.0	0.0	-	-	-
Finland	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	0.0	0.1	-	0.0	-	-	-
France	1.0	2.4	-1.3	1.3	-0.2	0.6	0.6	1.2	1.0	0.6	1.2	0.7	0.6	0.8	1.2	1.0	0.6	1.2	0.7	0.7	0.9
Germany	0.7	0.3	0.2	0.2	0.1	0.1	0.0	0.2	0.5	0.1	0.2	0.1	0.2	0.0	0.2	0.5	0.1	0.2	0.1	0.2	0.0
Ireland	-	-	-	-	-	0.0	0.2	-	-	-	-	-	0.0	0.2	-	-	-	-	-	0.0	0.0
Italy	0.1	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Japan	-28.1	16.9	18.9	35.8	15.3	11.5	18.4	18.6	16.9	19.2	20.9	15.1	12.7	18.7	18.6	16.9	19.2	20.9	13.6	12.0	11.4
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	0.2	0.2	0.1	0.0	0.0	0.1	0.0	0.2	0.2	0.1	-0.1	0.0	0.1	0.0	0.2	0.2	0.1	-	0.0	0.1	0.0
New Zealand	6.6	5.4	4.4	4.8	2.1	1.8	2.8	6.6	5.4	4.4	4.8	2.1	1.8	2.8	6.6	5.4	4.4	4.8	2.1	1.8	2.8
Norway	0.4	0.1	0.0	0.0	0.1	0.0	0.0	0.4	0.1	0.0	0.0	0.1	0.0	0.0	0.4	0.1	0.0	0.0	0.1	0.0	0.0
Portugal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	0.0	-	-	-	-	-	-	0.0	-	-	-	-	-	-	0.0	-
Sweden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Switzerland	0.0	0.0	0.0	-	-	-	-	0.0	0.0	0.0	-	-	-	-	0.0	0.0	0.0	-	-	-	-
United Kingdom	-	-	-1.3	5.6	21.2	-1.4	-0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United States	19.0	1.0	0.2	5.0	-20.0	-16.0	7.1	1.0	1.0	0.2	-	-	0.0	0.1	1.0	1.0	0.2	-	-	0.0	0.1
TOTAL	12.6	40.4	32.4	63.7	29.5	5.7	38.5	40.7	39.1	35.8	38.0	28.7	24.0	31.3	40.8	39.2	35.9	38.1	27.3	23.3	24.2
MULTILATERAL																					
AsDB	-0.5	-0.9	-1.8	-1.9	0.6	0.4	0.3	-	-	-	-	-	-	-							
EC	2.2	1.9	-0.9	-7.2	-2.8	-1.3	-0.8	2.9	2.3	-0.9	-7.2	-2.8	-1.3	-0.8							
IBRD	-0.1	0.4	-0.5	-3.3	-6.8	-3.8	-3.8	-	-	-	-	-	-	-							
IFC	-0.3	-0.5	-0.1	3.8	-0.1	0.0	-0.1	-	-	-	-	-	-	-							
UNDP	0.1	0.3	0.4	0.3	0.2	0.1	0.1	0.1	0.3	0.4	0.3	0.2	0.1	0.1							
UNTA	1.0	1.5	1.2	1.9	1.7	0.9	1.2	1.0	1.5	1.2	1.9	1.7	0.9	1.2							
UNICEF	-	-	-	1.4	1.0	1.8	1.8	-	-	-	1.4	1.0	1.8	1.8							
Other Multilateral	0.5	0.3	-0.1	0.1	0.1	0.2	0.2	0.5	0.3	-0.1	0.1	0.1	0.2	0.2							
TOTAL	2.9	3.1	-1.7	-5.0	-6.1	-1.7	-1.1	4.5	4.4	0.6	-3.6	0.2	1.8	2.5							
Other Donor Countries			0.4	1.1	0.3	0.3	0.5				0.4	0.3	0.2	0.3							
EC + EU Members	4.3	4.9	-3.2	-0.3	18.1	-1.9	-0.1	4.5	4.0	-0.1	-5.8	-2.1	-0.4	0.1							
TOTAL	15.5	43.4	31.1	59.8	23.7	4.3	37.9	45.2	43.5	36.8	34.9	29.1	26.0	34.1							
MULTILATERAL ODA LOANS GROSS															10.4	7.4	3.2	4.2	3.7	3.9	4.3
Japan					1.5	0.8	7.3														
Other Donor Countries																	0.4	0.4	0.3	0.2	0.3
EC + EU Members			1.2	2.2	-	-	-								10.4	7.0	2.6	2.0	1.6	1.8	2.1
TOTAL			1.2	2.2	1.5	0.8	7.3								51.2	46.5	39.5	42.7	31.3	27.4	28.7

Source: OECD (2000, 2004)

Aid targeted to various sectors is largely through the government. Table 2 highlights the key sectors of bilateral aid commitment for the period 1996 to 2002. The major emphasis of aid flows to the island nations is on human resource development, institutional strengthening, provision of basic infrastructure and technical assistance. The bulk of the aid has been allocated to various areas of social development. Development assistance is mainly directed to the social and production sectors for education and training, health, production sectors that include agriculture, forestry and fishing, trade and export promotion, tourism development and women in development. Education, health and public administration programmes take a high priority followed by agriculture and industry sectors. Aid to economic infrastructure and services are for transport and energy sector development. Overall, development assistance to these sectors form part of the government investment projects. While bulk of the aid is focused on supporting macroeconomic stability and growth, priority has also been given to poverty alleviation. Multilateral donors and the NGOs have, in the recent years, placed a greater focus on projects for poverty alleviation. Poverty conference by the government in January 2005 has set out various programmes and policies to target reduction of people living in poverty (*Fiji Sun*, 21 January, p.3). Substantial amounts of aid from bilateral donors to NGOs have been increased towards the civil society in the recent years for human rights, intercultural education programmes, and small-scale livelihood programmes. As there is a decline in aid trend by the DAC donors Fiji will have to compete for development funds.

Table 2 Fiji's Bilateral ODA Commitment by Purpose, 1996 to 2002, US\$m

Sectors	1996	1997	1998	1999	2000	2001	2002
Social Infrastructure & Services							
Education	11.0	11.3	7.6	5.7	5.8	1.7	6.6
Health	5.6	1.1	23.3	3.4	3.5	2.1	10.9
Water Supply & Sanitation	0.0	0.1	17.5	0.1	0.4	0.1	0.1
Total Social Infrastructure & Services^a	30.2	31.4	57.9	14.6	15.2	9.0	26.6
Economic Infrastructure & Services							
Transport & Communication	1.0	1.2	0.6	0.6	1.0	1.1	0.6
Energy	-	-	-	0.0	-	0.1	0.1
Total Economic Infrastructure & Services^b	1.2	1.4	0.9	0.8	1.1	1.3	0.7
Production Sectors							
Agriculture	13.9	1.5	1.1	1.4	1.9	1.2	1.3
Industry, Mining, Construction	13.8	1.2	0.5	4.7	0.8	3.6	1.7
Trade & Tourism	0.0	0.1	0.1	0.2	0.3	0.2	0.5
Total Production Sectors^b	27.8	2.5	1.7	6.3	3.0	5.1	3.5
Total Multisector	0.7	0.0	0.7	0.7	0.6	1.1	0.7
Total Emergency Assistance	0.3	0.6	0.1	0.4	0.1	-	0.4
Total (Unallocated/Unspecified)	1.8	0.4	2.2	1.2	0.9	11.2	3.3
Total	61.6	36.2	63.5	23.9	20.9	27.6	35.2

Source: OECD (2000, 2004).

Notes:

^a Includes public administration and other social projects.

^b Includes other projects.

Aid and Conflict: Policy and Practice

During the May 2000 coup due to heightened insecurity in the rural areas people fled from their home as they were confronted with violence; damage to houses, farms, personal property (farm implements and vehicles were razed) and cattle were slaughtered; burning and looting of homes and shops. Support for these displaced people at the Girmit Centre in Lautoka (in the island of Viti Levu) came from the Fiji Human Rights Groups (the camp organisers), the Citizens Constitutional Forum, Fiji Women's Crisis Centre and religious groups like Sai Society of Fiji. The Valelawa (in the island of Vanua Levu) camp was set up and supported by the National Farmers Union. The centres existed for more than two years with no support from the government directly. With some 16 families still at the Valelawa camp in 2002 no government assistance had reached this people. While bilateral aid receipts have been allocated under various activities (see Table 2) no assistance under the emergency or humanitarian assistance categories were allocated to 2000 coup victims immediately or during their time at the refuge centres.

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

An area where more assistance could have been directed to is the farmers who lost their homes and entire livelihood. Some farmers lost their assets of a value of around F\$120,000 while some lost more than this value (*Daily Post*, June 28, 2002). After over a year and a half of the farmers living in the refuge camp that the request from the village head for talks of reconciliation began. Peace, conflict resolution and human rights were discussed in the process of reconciliation and recovery. A proportion of bilateral allocation has been utilised for conflict resolution activities. The government in the spirit of national reconciliation, nation building and unity promised compensation to affected farmers (i.e. home, food ration, farm implements including fertilizers and seedlings) until their crops were harvested and sold. The government compensations of \$5,000 worth for homes and three months food rations were all some farmers received. Farmers lost their entire asset and to start-up their livelihood/business relates to sunk costs. They need fixed costs to start, as by-gones are forever by-gones, sunk cost leads to sunken feelings where lives were endangered by the very people who worked on the farms and where investment has been totally lost resulting in zero income. Development assistance from external sources could have been utilised to assist these people, resolve conflict and build a caring society since there has been lack of assistance arriving from the government.

To attain peace community concerns for all people, noble motives of unity, work ethics, sharing resources, bearish enmity towards no one, cultural values and societal goals are in turn to determine these respective goals. Another of the greatest social challenges now for development assistance in Fiji is the provision of resources to some 400,000 people living in poverty. Establishment of various programmes by the government under the economic affirmative action indicate inequality in resource allocation. Absence of including *all* ethnic groups in the government's blueprint is a criticism even by Citizens' Constitutional Forum, human rights organisations and various leaders of the Senate. The displaced farmers need assistance for resettlement and start another means of livelihood. Inequitable treatment of various ethnic groups can be a vital cause of social instability and hence a major obstacle to improvements in well being.

As conflict causes low income and low income causes conflict, the two-way causation is complex and multi-dimensional; it culminated in horizontal inequalities especially when policies of deliberate exclusion from access to a wide variety of social and economic elements were adopted. This illustrates a rise in the cost of peacefulness due to rising inequality which in turn will prevent other ethnic groups to progress economically and politically. A number of humanitarian crises were escalating since 1997 caused by non-renewal of land leases and since the May 2000 coup there has been violence, threats and mass displacement of people. Not only do these effects cause huge suffering but also a major cause of underdevelopment and poverty. With low income and lack of basic needs to support any activities, humanitarian crises are increasing. Squatter settlements are on the increase since the eviction of the people from the land, large segments of the society are homeless. In the international community's fight against poverty, the central objective of the World Bank, United Nations Development Programme, International Monetary Fund and other bilateral donors' is that prevention of humanitarian crises need to be given the highest priority and should incorporate considerations to eliminate inequalities.

The role of aid for development and conflict resolution should implement projects that can provide income-earning opportunities, programmes for school assistance to avoid high drop out rates in the primary and secondary levels of education, improve poor health and housing conditions and incorporate programmes to combat both horizontal and vertical inequalities. In this case the ratio of funds required to start-up could be via programmes such as micro financing supported by external aid agencies. Financial services help the poor expand their economic activities and increase their income allowing for self-confidence to grow simultaneously. Most crucial to the aid agencies committing to reach post-conflict societies is getting to the affected people and targeting aid in real terms to assist these communities. History notes that the economics of depression leads to conflict. Overcoming this through external sources also avoids the abuse of aid given to meet the objectives.

Integrating communities to solve social identity problems should be the aim of the policy makers. In particular, Fiji's society can build together human and infrastructure capital with its endowments. Continued progress will also be needed to improve management and transparency in all the resource sectors to support a rebound in economic activity. Donors can monitor that grant money is spent accordingly for poverty reduction and social-related expenditures (particularly health and education) and growth facility. As most citizens live in rural areas and prices of basic foodstuff

are increasing the grant can also be used to stabilise the macroeconomic situation, support ongoing reform process and catalyse external assistance.

The dimensions of conflict noted in the case of Fiji suggest various problems that need urgent attention. If the bilateral and multilateral donors within these aspects are to effectively address conflict settlement and the reduction of poverty they need to understand the problems where allocation of such assistance could directly reach the targets. As Fiji emerges from the coup situations and given the structure of governance there is distorted allocation of public revenue based on ethnic lines, a highly distorted structure of public spending and large fiscal deficits and high public debt. While to meet the goals of *Strategic Development Plan 2003 – 2005*, the Minister of Finance and Planning in presenting the 2005 Budget adopted the vision of 'Peaceful and Prosperous Fiji' (Government of Republic of Fiji, 2004). To meet the targets of this theme the government expenditure will have to be increased substantially, however, the government at the same time pledges to meet its target to reduce debt by less than 40 percent of GDP and reduce government deficit by less than 3 percent by 2007 (Government of Republic of Fiji, 2004). Goals of the 2005 Budget theme appear to be out of reach if other macroeconomic targets are to be met which will lead to a reduction in social sector and development spending unless international donors allocate aid to address development objectives and themes. But the 2005 Budget vision of a 'Peaceful and Prosperous Fiji' does not indicate policies for reconciliation or any other measures towards those who suffered.

For the process of reconciliation 2005 has been launched as the 'National Year of Forgiveness'. The President of Fiji, Ratu Josefa Iloilo notes that "in extending our sincere apology again to those individuals and communities who have been hurt one way or another... we must establish an effective democracy based on real commitment to justice and to culture and to good governance" (Fiji Times, February 28, 2005, www.fijitimes.com/news). He further states that "the Constitution, judiciary, land tenure systems and electoral regulations must not accentuate divisions but promote a sense of community" (ibid). Such novel propositions also require novel actions, so policies to address these issues need to be stated from the start to banish prejudices rather than just *ad-hoc* public meetings. Programs/ activities for forgiveness have been arranged by the Ministry of National Reconciliation and Unity to celebrate the 'Year of Forgiveness' involving churches, NGOs and community groups. While the funds allocated by the Ministry of Reconciliation and Unity amounted to \$700,000 to celebrate the year of forgiveness, activities for reconciliation do not bridge the gap of pain, loss, inequality, lack of unity and oneness, and peace.

A report by the United States on human rights in Fiji state that political and economic situation in 2004 indicate vast improvement since the political crisis of 2000 compared to previous year, but there are serious problem of ethnic division (Fiji Times, February 26, 2005). Because the problems of ethnic divisions exist then the first and foremost step is to address this concern through various policies and dialogue with all parties. By omitting to address the real concerns and yet reaching out for forgiveness will not accomplish the purpose of reconciliation. Issues of reconciliation are not extensively discussed in this paper but suffice to say that political, economic and social dimensions of conflict and injustice require different actions of healing and reconstruction. The lecture presented at the Parliament of Fiji in June 2003 by Dr Russel Daye on 'Finding a Model of Reconciliation' highlights the grave situation

in Fiji and the steps towards a clear vision for reconciliation (Daye, 2003). Various issues and evaluations noted above suggest that reconciliation falls under the categories of restoration of relationship and retributive justice as pointed out by Daye (2003). These aspects for forgiveness will require complementary actions and not to be undertaken in *ad-hoc* manner or isolation so as to achieve the desired impact. International communities in addressing these issues through their aid programmes could help strengthen collective actions for peace and reconciliation that include all people and together they comprise a society for nationhood.

CONCLUSION

The paper discusses the global issues of a need for a system-wide approach to conflict and peace, and policy implications for Fiji besides the use of foreign aid for conflict settlement, growth and development. The different dimensions of conflict in Fiji indicate political issues relating to the nature of the state, lack of power sharing and inefficient development policies. The exclusive nature of the government divided the resources based on the politics of ethnicity that signifies as the political dimension of conflict. The longer these divisions continue the harder will be the government task to implement reforms. There is a need to rebuild an inclusive ethnic politics that target all people in the economic, social and political spheres with the institutions governing democratic norms for quality state performance and development.

Outcomes of strategic ethnic and distributive conflicts have triggered inequality in power and resources. The economic conflict has created new opportunities for rent seeking and profiteering at various levels of resource ownership. The driving force for this conflict has increasingly shifted from grievance to greed which also suggests the economic motivation for conflict. This also has a bearing on the capacity to overcome difficulties imposed by unfavourable structures, and the economic and social uncertainties have created long-term adversities for economic development. All social groups get affected and individuals become the centre of concern. In the complex social structures it also generates emotional economy. With ethnic conflict, there is little prospect for a fast recovery in output and employment without provision of political and civil rights, equity, security and basic resources. As all communities in Fiji have contributed to increasing productivity, development and enhanced credibility of commitments, thus creating socially more efficient policies is vital just as the accountability of various institutions.

What can be done to reduce economic, political and social problems and promote growth? A sustained and concerted political attention for peace could have a significant effect on all parties. Donors could develop a strategic framework model to move away from a blanket prescription and towards a nuanced strategy to examine particular constraints and focus on their applicability in Fiji's context. Displacing people from land will create more social and economic problems seen in the lessons of the great depression and cold war periods. While growth alone cannot solve all the problems by itself, economic growth creates additional resources for a better standard of living. National and collective actions and security for all can move towards a liberal society and open economy. As donors recognise the need to link development, poverty, conflict resolution, Fiji requires support to design a programme to address poverty, dimensions of conflict problems and construction of economic policy for

growth. Restoration of relationship and retributive justice require complementary actions.

While it is ultimately the strength of domestic policies that counts in promoting development, international cooperation sought to meet the changing domestic requirements and encounter economic goals for growth are important for development. The most important challenge for development cooperation is to improve serious problems of horizontal inequality and conflict resolution so as to contain social, ethnic and nationalist tensions and violence. Donors could help strengthen collective actions that concentrate on including **all** communities, strategies, processes and linkages that could assess the impact of development aid on the dynamics of peace and conflict.

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