

Poverty and Affirmative Action Policies in Fiji: Paradigmatic Fault lines

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Abstract

There are a number of social, political and economic reasons to support ethnic based affirmative action policies in Fiji. Such policies, however, cannot be considered as substitute for or continued at the cost of national poverty alleviation programs. Fiji has unique political and economic problems. It is a small economy with ethnically divided society where substantial proportions of the people from various communities live below the poverty line and need state support for survival. This article examines some aspects of the national poverty alleviation programs, particularly, the ethnic dimensions and points out a number of paradigmatic fault lines that persist amongst the policy makers and politicians.

Introduction

The recent Household Income and Expenditure (HIES) data show that poverty has increased substantially between 1991 and 2002. The 1997 Fiji Poverty Report, hereafter referred to as 1997 FPR, estimated that 10% of the people in Fiji were in food poverty in 1990/1 (UNDP and the Government of Fiji 1997). The incidence of poverty increased dramatically in the subsequent 10 years up to 2002/3. Therefore, the proportion of people in destitution is expected to be at least 10% of the population if the overall poverty rate is 34%. According to Narsey (2006a; 2007a), if the conservative estimates of poverty from the 1997 Fiji Poverty Report is taken into account, the increase in poverty between 1990/1 and 2002/3 is around 9% points. The current national headcount poverty rate is around 34% as reported by Abbott (2006) and Narsey (2007a), which is much higher than the 25% reported in 1990/1 by the 1997 FPR. The increase in poverty in this period is a clear indication of Fiji's worsening economic conditions and its inability to meet the MDGs set by the

United Nations. Given the past and current trends of declining key economic sectors, the intensity of poverty in Fiji is likely to increase and reach catastrophic proportions if earnings from sugar decline by around 30% in 2008. This decline will have a direct impact not only on the sugarcane farmers, but also on all those who depend on the sugar industry for income. It is also expected that the garment industry will decline further, and which would worsen the situation. The decline in garment sector has serious implications for those who migrate to the urban centres with the hope of finding wage earning jobs. So the declining sugar industry coupled with declining garment sector will lead to a higher level of poverty in the urban as well as the rural sectors. This situation could become even more difficult if the economic downturn is coupled with political and economic isolation due to sanctions imposed by Australia and New Zealand.

To bring relief to the people, Fiji's meagre resources will have to be used more efficiently. Even if government's commitment towards poverty reduction does not increase substantially, the current level of resources would be good enough if more effective methods of identification (targeting), implementation and monitoring are adopted. It is quite clear from the data discussed in the following sections that assistance is not reaching the destitutes since the current method of identification and redistribution of resources is not up to standard. There are systemic problems at all levels.

Systemic inefficiencies exist at all levels. At the political level, there are misconceptions and ethnic biases. At the planning level there is lack of data and clear policy direction from policy makers. At the operational level, there is waste of resources and corruption.

Government institutions that are involved in this process need to be examined to identify the problems and implement appropriate remedial policies. The prevailing ideologies and thinking amongst the planners and the executors need to be understood to bring about change. Open multi-pronged strategies are needed to achieve quick and long term results. Firstly, the ethnic line of thinking must be eliminated from the mainstream poverty alleviation programs. A clear distinction needs to be made between different forms of affirmative action policies. The distinction between anti-poverty policies and affirmative action policies meant to level-off the inter-ethnic disparities in business and education should be clear.

In the next section, a brief overview of the neoclassical theory is given in the context of Fiji's economic failures. In the following sections the origins of affirmative action policies are explained, which give some

perspective to affirmative action policies in Fiji. In the subsequent sections the global agenda on affirmative action policies is discussed, providing the grounding for arguments against the nature of affirmative action policies in Fiji. It is also shown that most of these affirmative action policies were costly and haphazardly designed to give governments in power political leverage. This discussion also shows that race based affirmative action policies were unjustified and riddled with corrupt practices where lots of resources were diverted from poverty reduction schemes towards ethnic based programs. A number of these ethnic based programs were established as substitute to poverty reduction and family assistance policies. Often the nature and the extent of ethnic affirmative action policies that benefited non-poor ethnic Fijians, and results in a significant drain on scarce state resources substantially thinning out of resources for poverty alleviation. In many instances extremely poor and needy ethnic Fijian families and those of other ethnic groups were denied the much needed assistance on flimsy technical grounds. The real poor who fall in the lowest decile comprising of all ethnic groups are often left out due to lack of resources and application of stringent rules. A lot of poverty alleviation funds are siphoned-off to the non-poor through ethnic affirmative action policies. The government's approach to poverty alleviation by rewarding ex-prisoners through state funds was a significant dent on the state resources and caused despise and anger amongst non-ethnic Fijians and marginalised ethnic Fijians (Kumar and Prasad 2004a; Kumar and Prasad 2004b; Kumar et al., 2006).

In later sections, the levels of poverty between the two major ethnic groups is analysed and conclusions are drawn.

Global Economic Agenda

According to neoclassical views, poverty reduction occurs when economic growth takes place. Such views have prevailed within the thought processes and policies proposed by institution such as IMF and the World Bank for developing countries (Went 2000; Wade 2001; Stiglitz, 2002). However, this approach has lost some ground recently, as governments are now encouraged to take direct policy actions for addressing poverty.

The options for government action to alleviate poverty are numerous. These range from direct handouts to structured policy measures that encourage private investment and at the same time provide economic opportunities to the poor. Such policies have gained favour in most develop-

ing countries, which are basically a combination of two diametrically opposed schools of thought. In addition to this, the neoclassical ideology encompasses some new dimensions to economic development, which have been introduced conveniently over the passage of time as the world economic order changed in the last four decades. Increasingly, in the last two decades, the issues and strategies to lessen poverty and environmental degradation have come on the agenda. For many developing countries, addressing these two issues simultaneously is not possible since addressing them have counter effects. This is particularly the case for countries that lag behind in environmentally friendly technologies.

These global policies would have mixed effect on the poor, depending upon how the national governments respond to them and how policies are shaped. The current global agenda on environment is a direct consequence of increasing global economic integration and increasing possibilities for exploitation of human and natural resources across national boundaries. On the other hand growing inequality and poverty have resulted in both ideological and policy directions for international institutions like World Bank and IMF. For example, the neo-liberal ideologists have come to acknowledge that growing inequality has a negative effect on long-term economic growth and welfare (Ravallion, 1997; Easterly, 2001; Kanbur and Squire, 2001). The current advocacy at the global level for direct action to reduce poverty is, therefore, a significant shift from the tradition neo-classical perspective on distribution and disparity.

For many governments in developing countries, it is politically convenient to ignore difficult problems if such agreements do not translate into political support in the country. In Fiji, for instance, it is politically more rewarding for ethnically based governments to have racially slanted policies than broad based ones that address the problems of all communities (Srikandarajah, 2003). Good development policies are hard to be found in Fiji due to the ethnic political divide, where land resources are owned by one ethnic group and entrepreneurship and technical skills by the other. The ethnic divide and political conflicts, and the governments' failure to resolve these conflicts, are largely responsible for the economic failures in Fiji (Kumar and Prasad, 2002). As a result of these failures, the neoclassical approach to poverty alleviation has limited scope. The constraints to economic growth are many. First, due to smallness and sea isolation, the resource base is narrow, as only a few sectors can be exploited for economic growth. Secondly, the agricultural sector is declining due to the declining sugar prices, and land conflicts, which at the moment seem insurmountable problems. Thirdly, the tourism sector is limping due to

decline in tourism demand and the overall economic capacity due to the continuous migration of skilled labor from all sectors of the economy.

There is much narrative on inclusive policies at all levels. At the global level, there are narratives about inclusion of developing countries into the mainstream global economy and at the national level there are narratives about inclusion of poor people into the mainstream. At both these levels, inclusion is coming around too little and too slowly in terms of trickle down to the ordinary people (IBRD, 2001; Clark and Hulme, 2005; Narayan and Petesch, 2007). In Fiji, this is now almost impossible as economic growth has remained at around negative 2% and in the last 30 years average growth rate has remained at less than 2% (Kumar and Prasad, 2002; Chand, 2007). Therefore, the only hope for the poor is government assistance and pro-poor policies to empower them. These policies are seriously hindered for poor Indo-Fijians due to exclusion arising from the past governments' affirmative action and racially slanted policies.

Justifications for Affirmative Action Policies

Affirmative action policies become necessary in societies where inequalities and conflicts exist (Young, 1998; Dasgupta and Kanbur, 2007). When inequalities between ethnic groups become sharp and perpetual, open conflicts become likely. Affirmative action policies may be used to reduce such conflicts. Such policies, however, should remain within the structured policy framework of the state (Horowitz, 1985; 1993; 1998). In countries such as South Africa, where injustices were perpetrated against a community, targeted affirmative action become necessary to manage future conflicts. Fiji's affirmative action policies were initiated in 1970s when Fiji gained independence.¹ However, Fiji's history has no parallel with South Africa or Malaysia in this regard. According to global perspectives affirmative action policies should be well-meant towards the target population, and as far as possible, harmless towards the interests of those excluded from the benefits (Global Rights, 2005; Horowitz, 1993; 1997).

In the case of Fiji, the question that arises is whether the affirmative action policies to achieve parity between Indo-Fijians and ethnic Fijians are sincerely applied and the policies are innocuous towards the interests of Indo-Fijians and other minorities. It may also be questioned whether

¹ Some affirmative action policies even date back to the colonial days (Gounder 2008).

the ethnic Fijians are relatively poorer than the other groups that warrant such policies. If the ethnic-based affirmative action policies have any crowding out effect on the resources for poverty reduction policies, then the innocuousness of the ethnic based policies is doubtful. This aspect of the policies is investigated and discussed under various captions later in this article.

Parallels have been drawn between ethnic based policies in South Africa, Malaysia and Fiji (see Ratuva, 2002). Often it is argued that if ethnic policies are justified in Africa and Malaysia they are equally justified in Fiji. These justifications and parallels are misplaced in both instances. Affirmative action policies in South Africa were broadly justified for the reason that the black population suffered prolonged oppression under the apartheid policies. The economic and social policies under apartheid rule were repressive and discriminatory against the black indigenous community, which lasted for over two hundred years and led to almost complete absence of educational and economic infrastructure for the black people (Global Rights, 2005; Dollery, 2003). Fiji's path to economic and political development has been quite different from South Africa.² Despite strong historical reasons for South Africa's affirmative action policies, conceivable opposition was mounted against the policies, which in fact has grown stronger in recent days as the affirmative action policies now seem perpetual. Guest (2004) argues that the affirmative action policies are hindering economic opportunities for those who have the capacity to invest and contribute. He argues that the policies are insurmountable hurdles for non-black business enterprises, and that they are riddled with corruption and have no sunset clause.

The parallel drawn between Fiji and Malaysia is also quite absurd for a number of reasons. Firstly, the Malaysian model has not been entirely successful in the Malaysian context. Secondly, Malaysia and Fiji differ substantially in socio-economic and geographical characteristics. Thirdly, the Malaysian model has failed completely as applied in the context of Fiji. The failure is quite visible in the commercial sector.

Since 1970, Fiji has detracted a number of times from the democratic path. Political disagreements and conflicts have been overwhelming and have resulted in coups and violence. The developmental path taken by the government in the 1970s was quite appropriate. The import substitution approach worked well initially in terms of improving economic pe-

² Fiji's colonial history is quite unpleasant in as far as Indian experience is concerned. The same is not true for indigenous Fijians, at least not those that have been documented.

rformance of the country. It, however, began to face the limitations posed by small market size of Fiji and global competition. As a result, niche market development was increasingly getting embraced by the government by the late 1980s. There was a great euphoria after independence that many of Fiji's economic and social problems would be overcome and Fiji would join the league of developed economies of the region (Kumar and Prasad, 2002). This did not eventuate as thought. The coups in 1987 caused significant damage to the development prospects, while other economic factors and natural disasters made the situation even worse.

While race politics remained dominant since independence, a lot of changes in political thinking occurred after the 1987 coups. Those assuming power continued to hold the belief that entrenchment of affirmative action policies would yield desired results. The government established strong pro-ethnic Fijian policies since mid 1970s, which grew out of proportion as a result of nationalist ideology driving the government machinery since the 1987 coups. These policies, it was believed, would level the playing field for the indigenous Fijians in business and education (Kumar, 1997, Kumar and Prasad, 2004).

These policies did yield some positive results but at a huge cost to the country (Premdas, 1993). The nationalist slant of the government eroded and undermined the noble objectives of fairness and democracy. The antagonism amongst the Indo-Fijians and political rhetoric of race and discrimination exploded in late 1980s and early 1990s. This was a major blow to multiracialism and inter-ethnic cooperation in Fiji's politics (Norton 2000; Kumar and Prasad 2004). Ethno-nationalism in Fiji has brought about legally entrenched dominance of ethnic Fijians and discrimination against Indo-Fijians (Srikandarajah, 2003). Various forms of policy practice that relegate the Indo-Fijians into third class citizens continue. The 1990 Constitution had legally entrenched provisions for affirmative action policies specifically favoring ethnic Fijians and Rotumans. Similarly, the Alliance Government implemented various affirmative action policies under the 1970 Constitution, but its constitutionality was not questioned. On the other hand, the amended 1997 Constitution provides a clear mandate to the government to construct affirmative action policies to provide relief to the economically depressed communities, which is a more sensible approach. S44(1) of the 1997 Constitution (cited in Appendix A of this paper) clearly provides for affirmative action policies to assist groups of people who are in social and economic hardship or disadvantage. Further to this, the Constitution also states that these policies be based on clear criteria and set objectives. The objectives should be

measurable for judging the efficacy of those programs (see S44(2c) of the Constitution). S44(6) of the Constitution also requires the administering department or the implementing agency to monitor the program on a timely basis. The Constitution also states that these programs should have a sunset time frame. The Minister in-charge should furnish annual reports to the Parliament on such programs. This has not been done for any of the programs implemented under the 'Blueprint' plan. This practice breaches the provisions of the 1997 Constitution.

While the ethnic approach of the government is generally worrying, the more worrying aspect of this is the lack of clarity in the mainstream welfare policies of the state. It seems there is lack of motivation and understanding of the welfare issues amongst the recently appointed welfare workers. As a result, there is a serious lack of coordination and a general lack of direction amongst those who administer the programs. There are no proper assessment procedures for the welfare personnel to assess the needy cases and monitor them once taken on board. There are thousands of backlog cases which are not assessed on time and as a result, people have to wait for months to get answers on their applications. There is complete lack of strategy in dealing with ordinary applications. Applications are not dealt with professionally and as a result, a large number of people go without assistance. While some thumb rules apply in the distribution of family assistance to the Indo-Fijians, the handout criteria for ethnic Fijians are not clear.

Many questions have been raised about the state of affairs in the Social Welfare Department but nothing seems to change. The situation, particularly the ad hoc nature of the programs and the haphazard use of state funds worsened after the launch of the *50/50 by the Year 2020* document, which sanctioned the then government's ethnic policies. One good example of this is the poverty alleviation fund, where government funds were used in most haphazard and incoherent manners. Since 2001, more than \$10 million of state funds have been disbursed. The eligibility criteria for this fund are not clear, and fundamental principles for good practice are not there. In addition, there has been a lack of guidelines to ensure proper use of funds and proper monitoring of projects.³ One striking feature of this fund is the way funds are issued to ex-prisoners. The ex-prisoners have two other schemes through which they are eligible for rehabilitation funds. Quite strangely, the eligibility for non-prisoners seem far stiffer compared to the flexibility with which it is disbursed to ex-prisoners.

³ Some initiatives are now being taken to put in place monitoring procedures.

Poor Fijians who are non-offenders and have clean police records face serious difficulties in accessing the funds. For such applicants strict income and age criteria are applied.

Table 1 shows that significant proportion of the poverty alleviation funds have been issued to ex-prisoners. In 2006 for instance, 56% of the recipients were ex-prisoners. This, however, declined to 29% in 2007. The rest of the recipients were for family assistance, fire victims, and after care. The main criteria for 'family assistance' category are income hardship and age, whereas the main criterion for 'after care' is age.

Table 1: Number and Proportion of Recipient of Poverty Alleviation Fund (by Category)

	2001		2002		2003		2004		2005		2006		2007	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
After Care	1	0.3	15	3.4	17	3.2	66	20.5	47	8.7	40	5.4	7	3.5
Ex-Prisoners	75	24.6	188	42.0	174	32.7	81	25.2	117	21.8	415	56.1	60	29.6
Family Assistance	187	61.3	186	41.5	320	60.0	159	9.4	312	58.0	182	24.6	71	35.0
Fire Victims	32	10.5	49	10.9	9	1.7	13	4.0	58	10.8	103	13.9	64	31.5
Group Projects	9	3.0	8	1.8	9	1.7	2	0.6	N/A	N/A	N/A	N/A	N/A	N/A
N/A	1	0.3	2	0.5	4	0.8	1	0.3	4	0.7	N/A	N/A	1	0.5

(Source: Poverty Alleviation Database, 2007)

Table 2 shows disbursements by ethnic groups. The data shows that higher proportions of funds are disbursed to ethnic Fijians compared to Indo-Fijians. Between 2002 and 2006 over 80% of the funds were disbursed to ethnic Fijians, the highest being in 2004 where more than 94% of the funds went to ethnic Fijians. The Indo-Fijians received varying proportions between the period 2002 and 2007. The lowest proportion of 3.4% was disbursed to Indo-Fijians in 2004 and the highest of 24.6% in 2007. The amounts disbursed to Indo-Fijians, on average, were significantly lower compared to ethnic Fijians.

Table 2: Amount of Poverty Alleviation Funds Disbursed in FJ\$'000 (by Ethnic Group)

	2002		2003		2004		2005		2006		2007	
	No	%	No	%	No	%	No	%	No	%	No	%
Fijian	1576	81.7	2109	87.3	1289	94.3	1867	81.3	2639	85.9	472	73.2
Indo-Fijian	230	11.9	250	10.3	47	3.4	381	16.6	368	12.0	159	24.6
Others	124	6.4	58	2.4	32	2.3	49	2.1	67	2.2	14	2.2

(Source: Poverty Alleviation Database, 2007)

A lot of these practices in poverty alleviation schemes were motivated by political agendas of the previous governments. This form of discriminatory practice has been induced and justified on a generalised perception that Indo-Fijians are rich and wealthy, while ethnic Fijians are poor. These, seemingly long held views, established largely through political propaganda reinforced Qarase's '50/50 by 2020' (see Government of Fiji, 2002). This document was widely known as the 'Blueprint Plan', later termed as 'the Plan' for Fijian development. While some of the aims of the document were noble, the means to achieve them were generally not. The plan aimed to establish grants to establish a Fijian Development Trust Fund for investment to generate interest income to be used for, among other things, funding for the Fijian Foundation and community leadership, including any other training program approved by the Great Council of Chiefs. Schemes such as these that encourage participation in commerce and boost Fijian equity in business, sound innocuous to the economic interests of other communities.

The scheme under the '50/50 by 2020 Plan' also desired to encourage investment in Fijian education. Such plans, however, are not new. They have been there since 1970s and have produced mixed results. Schemes were also designed to provide financial assistance to the Native Lands Trust Board (NLTB) through annual grants to facilitate the proposed Fijian Development Trust Fund. Under the 'Plan' it was to be funded through the government coffers. This was a recipe for disaster as NLTB historically has been financially in red despite its enormous sources of income. The document also proposed to convert into grant a \$FJ20 million interest-free loan to the Fijian Affairs Board to purchase shares in Fijian Holdings Limited (Reddy and Prasad, 2002). Some of these expressed proposals in the original 'Plan' were so designed as to enable squandering of government funds through providing access to the rich and wealthy Fijians. It proposed an interest-free loan to Yasana Holdings Limited and reserving 50 per cent of government contracts for Fijian companies while continuing with many schemes of the Fijian Development Bank Loans exclusively for Fijians. These were some of the most daring attempts by the Qarase government to woo Fijian nationalists. These, among many other schemes, were not acceptable for obvious reasons. Such schemes have opened up many dark holes that suck in government resources into unproductive use. To date there is not a single success story about schemes established under the governments '50/50 by 2020' initiative.

A number of objections have been raised about this approach to Fi-

jian development. While being ineffective in empowering the poor ethnic Fijians, it infringes upon the rights of other communities including the poor minorities such as the Melanesian communities who were not included in this plan (Srikandarajah, 2003). The plan lacks any criteria or guideline for the poor ethnic Fijians to freely access the affirmative action programs. To a large extent, the programs have been run on whom you know basis where mostly the rich and well connected benefited. The schemes laid down specifically for the prisoners have been misused for a long time, where double dipping by the smart and connected prisoners has continued.

The 'Blueprint' has also been criticised as it resembled the provisions of the flawed 1990 Constitution, which allowed implementation of policies that overtly discriminated against Indo-Fijians and other communities. Since winning the August 2001 elections, Qarase and the SDL endorsed this document and articulated it as policy priority for the government. Qarase argued at the time that the overall aim of the 2020 Plan was to improve the socio-economic position of Indigenous Fijians and Rotumans so that they undertake and/or own 50 per cent of all economic activities in Fiji by the year 2020. This Bill was endorsed by the Parliament in December 2002 on majority voting. Speaking in support of the motion, Prime Minister Laisenia Qarase argued that such targets in the Plan were justified because ethnic Fijians continued to lag behind other ethnic groups in terms of standards of living and access to economic resources. Qarase's logic hardly made sense in light what Fiji Poverty report 1997 showed; the lack of logic is confirmed by what the recent HIES data reveals. Qarase further argued that given the grievances articulated by Indigenous Fijians during the 2000 political crisis, a redress of this gap was of utmost importance in ensuring political stability.

The views and positions taken by Qarase have been contested by many researchers and analysts. Reddy and Prasad (2002) argue that there are disadvantaged amongst all ethnic groups in Fiji who need assistance. They argued that the indigenous community may even be the wealthiest given their ownership of much of Fiji's abundant natural resources. Ratuva (2002) argues that Fijian perception of 'wealthy Indians' may be a generalization because, within the Indo-Fijian community there are vast differences between the various socio-economic classes. The data on poverty also indicates that all communities have their share of poor and the difference between ethnic Fijians and Indo-Fijians may be insignificant if not the other way around (Narsey 2007a). Current HIES data shows that there are at least as many poor Indo-Fijians as there are poor

ethnic Fijians. The households in the lowest decile earn, on average, \$3850 per annum, which is significantly below the tax threshold of \$8500. The food consumption level of this stratum is an abysmal \$8.79 weekly per capita (Narsey, 2006b; 2007a). Most of these households are not provided any help under the family assistance scheme. They are either excluded on some technical grounds or simply do not apply for assistance due to the cumbersome process of making the application. These poor Indo-Fijians do not feature in Qarase's '50/50 by 2020' scheme. Madraiwiwi (2006) quite appropriately states that leaving these extremely poor people without state help is a national shame.

Global Consensus on Affirmative Action Policies

Generally, the aim of affirmative action policies is to provide assistance to those persons or groups of persons who are genuinely in economic difficulty. Affirmative action policies may be applied to level off disparities amongst different classes, ethnic or religious groups, or gender. A large body of economic literature supports empowerment of women to make meaningful socio-economic development possible in certain societies (IBRD, 2001; Thomas, 2004). Similarly, there is a large body of literature in economics and sociology that support more even distribution of income, wealth and development of human capabilities (Sen, 1999; Massey, 2004; Reyna et al., 2005). These are often referred to as mainstreaming strategies. Such policies lead to better infrastructure for basic education, training and expanded economic opportunities for depressed communities and sections of the society that tend to lessen political discord amongst groups. Sen (1999) argues that mending horizontal inequalities amongst groups reduces the potential for conflicts.

Sometimes affirmative action policies can be contentious if there are common misconceptions about the goals of the policies, which depends largely on how policies are applied (Awad et al., 2005). The attitudes of the excluded sections of the society towards an affirmative action policy depend upon several factors. Therefore, how such policies are described publicly and who are included and excluded needs to be based on sound reasoning. An individual's support for a policy depends quite significantly on whether a person is a potential beneficiary of a program (Kravitz and Platania, 1993). Minorities often hold favorable views toward affirmative action policies while the mainstream communities normally do not favor such policies (Bobo, 1998; Kravitz and Platania, 1993; Little et al., 1998). For instance, a majority of whites in the United States

tend to have negative attitudes toward affirmative action policies because they are the least likely to benefit from affirmative action. Similarly, most Indo-Fijians, non-Malays in Malaysia and non-blacks in South Africa have negative views about affirmative action policies (see Ratuva, 2002; Reddy and Prasad, 2002; Massey, 2004; Awad, et al, 2005). Affirmative action policies in employment are often vigorously opposed by the non-beneficiaries (Massey, 2005). Such oppositions are widespread in Malaysia, Fiji, and South Africa (see Guest, 2004).

Globally, widespread support for affirmative action policies tends to emerge if the policies are based on facts and not fabrications about income and wealth distribution. Global Right, for instance, states that where there is 'proven inequality among people of different races, international law either implicitly or explicitly requires states to engage in affirmative action' (2005: 1). This document calls for the full enjoyment of civil and political rights without discrimination of any kind, which include more effective access to the political, judicial and administrative functions of institutions. Various United Nations Conventions call for similar actions by state institutions to address inequality or deprivation affecting certain groups. They call for the protection of the economic, social and cultural rights of the marginalized groups, specifically urging states to establish national programmes, including affirmative action measures to promote access for indigenous peoples, people of African descent, migrants and other ethnic, cultural and religious groups to education, medical care, and basic social services. These conventions provide good grounding for the justification of affirmative action policies for marginalised groups.

The programs recommended here state that affirmative actions and strategies must be aimed at creating conditions for all to participate effectively in decision-making and realize civil, cultural, economic, political, and social rights in all spheres of life on non-discriminatory basis. It calls on states to establish, on the basis of statistical information, national programs, including affirmative measures, to promote the access of individuals and groups who are or may be victims of racial discrimination to basic social services, including primary education, basic health care, and adequate housing. International law on non-discrimination strongly supports affirmative action to combat inequality or entrenched discrimination perpetuated through policies or circumstances of the past. Various international conferences have passed conventions that strongly support affirmative action measures to combat racially discriminatory laws and practices.

In Fiji, these norms are constantly violated by the application of various affirmative action policies in favour of ethnic Fijians and exclu-

sion of poor and deserving Indo-Fijians (see Chand, 2005 for various submissions to United Nations). The same is true about the affirmative action policies in Malaysia, where public disclosures and monitoring are non-existent. In Fiji, various disclosure norms regarding affirmative action policies are violated and the activities are shunned from public scrutiny. There is ample evidence of corrupt practices in the dishing out of rehabilitation and family assistance funds. For over fifteen different state schemes for affirmative action policies between 2001 and 2005 not a single official report has been submitted to parliament. This is a fundamental problem in Fiji regarding ethnic based affirmative action policies (see Reddy and Prasad, 2002; Srikandarajah, 2003 and Kaitani, 2007). There is considerable secrecy and a total lack of accountability in the system.

The affirmative action policies in Fiji have always been justified on various grounds including universal concepts broadly agreed and propagated by international conventions. The cases of Malaysia and South Africa are often cited as good examples of affirmative action policies to level off the playing field between ethnic groups. These policies have taken root in Fiji to the extent that they seem like the mainstream economic policies. While there may be some merit in the comparisons between the groups, a generalisation that Indo-Fijians are generally better-off than ethnic Fijians, is quite misplaced. Fiji is an example where perceptible inequalities are firmly used by national planners and policy-makers, which is a direct result of lack of analyses to determine facts from data. In South Africa, however, the disparity between the white minority and the black majority was an international concern and linked to past ethnic repression. Similarly, the inequality between the black and white communities in the United States has similar historical significance. In South Africa, historical repression was more brutal and significant. However, the same is not true for Fiji and Malaysia. Contrary to the popular belief among ethnic Fijians and the Malays, disparity between the major ethnic groups has no historical significance (see for instance Ratuva, 2002). There are, however, many commonalities between the political economy of Malaysia and Fiji. The perceptions of inequality and poverty between ethnic groups are similar; the nature of ethnic nationalism is also quite similar in the two countries. These perceptions have been heavily politicized, and have taken root in economic policy making in these countries. In Fiji, these perceptions have intensified since 1987 (Ratuva, 2002). Apart from higher level of perceived inequality and poverty for ethnic Fijians, the policies are also justified on the grounds of levelling-off the playing field in business, education and wealth.

With the current level of poverty amongst Indo-Fijians and Ethnic Fijians, the justification for affirmative action policies hardly exists. The poverty and inequality data given in the next section clearly show that poverty is much higher amongst Indo-Fijians, which puts to rest many contrary assertions of the past. However, the disparity between Indo-Fijians and ethnic Fijians in business and education seems perpetual. Therefore, affirmative action policies in these two areas are justified. However, the current policies in these areas are not the best. Better strategies need to be explored to narrow the gaps between the two communities. The policies in the past were implemented haphazardly and to a large extent, these were politically motivated strategies. Since 2001, the education and business sector policies were motivated by the *50/50 by 2020* ideology, which has not yielded any significant result. New ideas and strategies are, therefore, needed to address the disparities. To start on a positive note, a national consensus is needed, which should be established through some form of open debate and discussion where all parties come together and exchange ideas with an open mind.

Wealth disparity between the two communities has also remained a contentious issue for a long time. However, there is no established national data on property ownership, though common indicators seem to support the popular myth that Indo-Fijians are richer in terms of wealth holdings. Data from the recent surveys are presented in the next section to clear disprove the perception that Indo-Fijians dominate the economic life of the nation and are all affluent.

Poverty and Inequity in Business and Education

Recent data on poverty clearly shows that Indo-Fijians are in equally bad, if not worse, economic and social condition than the ethnic Fijians. Therefore, bypassing them in state assistance is morally and ethically wrong. In particular, Qarase government's denial that Indo-Fijians were in equally pressing need for help, does not stand any ground against the evidence presented by the recent HIES data. It is clearly shown that poverty amongst Indo-Fijians is much greater than those prevalent amongst ethnic Fijians. In addition to this, the data also casts doubt about the popular belief that Indians derive disproportionately larger incomes from business and commerce. This is not the case. The belief that Indians completely dominate in education may also be untrue. Analysis of the dynamics in the education sector does, however, suggest that affirmative action policies and better strategies are necessary in education.

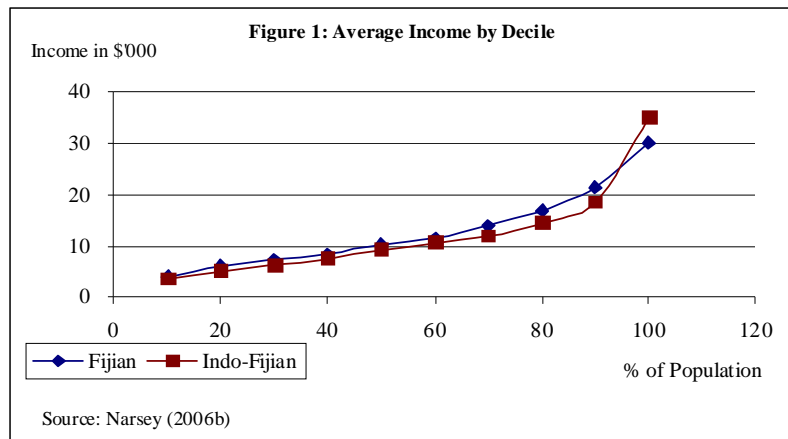
Poverty in Fiji: Who are Poorer?

If global conventions on affirmative action policies are applied to justify policy actions in Fiji, then it should be clear that ethnic Fijians are disadvantaged in terms of incomes. International conventions clearly state that affirmative action policies should be based on statistical information. If majority of the beneficiaries of the affirmative action policies are ethnic Fijians, as shown in Table 2, then poverty rate among ethnic Fijians must be higher than that for Indo-Fijians. But this is not the case. Table 3 shows the average household per capita income for the two major communities by deciles. This table shows that Indo-Fijian household incomes are lower than ethnic Fijian household incomes up to the ninth decile. Figure 1, which provides a graphical representation of Table 3, shows the line for ethnic Fijians above the one for Indo-Fijians. This dominance continues until the ninth decile where the lines eventually crossover. This indicates that income-wise, Fijian households are, on average, relatively better-off than Indo-Fijians. The opposite, however, is true for the tenth decile, where the Indo-Fijian household incomes are, on average, higher than the ethnic Fijian households.

Table 3: Average Household Income and relativities (in 2002 FJD)

Deciles	Average Household Income (\$)			
	Fijian	Indo-Fijian	Others	All
1	4160	3469	4712	3850
2	6100	5121	5591	5610
3	7430	6237	8896	6938
4	8498	7515	7371	8001
5	10341	9288	10829	9838
6	11617	10691	10645	11155
7	13909	11829	13834	13034
8	16854	14432	18851	15837
9	21294	18402	21704	20073
10	30052	34960	40503	33151
Total	12972	11902	19105	12753

(Source: Narsey, 2006b)



According to the 2002-03 Household Income and Expenditure (HIES) data, the level of Basic Needs Poverty (BNP) amongst rural Indo-Fijians is at 39.6%, which is 7.6% points higher than that for ethnic Fijian households (see Table 4).⁴ This poverty rate, however, is at 43.1% when number of persons is considered given that lower income households have larger family size. The difference between Indo-Fijian and Fijian households, in terms of number of persons, is slightly less at 5.1%. The rate of poverty among other minorities is at 35.8%. It needs to be noted, however, that the minorities comprise part-Europeans, Chinese, Melanesian (Ni-Solomoni and Ni-Vanuatu) communities and other Pacific Islanders.⁵ The Melanesian community is the worst-off amongst them, which has more than 80% poverty rate (see Kumar, et al., 2006).⁶ The BNP amongst urban Indo-Fijians is also higher than that observed for urban ethnic Fijians. The difference in the incidence of poverty for this sec-

⁴ The weekly adult equivalent Basic Needs Poverty line for the two groups in rural areas is approximately \$31.30 (Narsey, 2006b; 2007a). The same for urban areas is given to be \$35.59 for ethnic Fijians and \$36.57 for Indo-Fijians. The slightly higher BNP line for the Indo-Fijians is due to slightly higher non-food commodity costs.

⁵ See Nomae, et al. (2004) for details of poverty among Ni-Solomoni and Ni-Vanuatu communities.

⁶ Therefore, it is likely that other minorities in the rural areas have much lower incidence of poverty than 35.8% reported in Table 4.

tor is approximately 2% points for both, the number of households and the population. The overall basic needs poverty rate among Indo-Fijians is 2.5% point higher than ethnic Fijians.

Table 4: Headcount Poverty Rates for Ethnic Groups (as per 2002)

Ethnic Groups	Percent of Households in poverty	Percent of People in poverty
Ethnic Fijians Rural	32.0	38.0
Indo-Fijians Rural	39.6	43.1
Others Rural	35.8	41.3
Ethnic Fijians Urban	23.2	27.2
Indo-Fijians Urban	25.2	29.1
Others Urban	12.4	17.3
Ethnic Fijians	28.9	34.2
Indo-Fijians	31.4	35.6
Others	18.4	24.1
National	29.6	34.4

(Source: Narsey 2007a)

According to Narsey (2006b; 2007a) the national poverty rates for the Indo-Fijians and ethnic Fijians were 31% and 27.7% respectively in 1990/1.⁷ Narsey argues that there was a massive increase in poverty amongst Indo-Fijians during the period 1990/1 to 2002/3 from 31% to 39%. This increase in poverty is attributed to the decline in sugar industry and the expiry of land leases and partly a result of emigration of large numbers of highly qualified and better paid Indo-Fijians. Abbott (2006) in his preliminary poverty report also attributes increase in poverty among Indo-Fijians to the declining sugar industry. Narsey (2006b; 2007a) argues further that while overall poverty rate is sensitive to the assigned BNP lines, the relativities between the poverty rates of the two ethnic groups remain stable, which indicates that the difference in the poverty rates of the two ethnic groups is significant.

With this concrete data on poverty, it is clear that the past govern-

⁷ These poverty rates were adjusted by Narsey (2006).

ments have erred in arguing about affluence of the Indo-Fijian community. Indeed, while there may be a need for affirmative action policies for the ethnic Fijians in areas such as education, agriculture and business, there is no justification in denying basic assistance to the poor amongst Indo-Fijians. No doubt, progress and advancement of the Fijian community should be welcomed by all communities. But it is illogical to implement policies on faulty perceptions and exclude other communities from legitimate state programs. All past welfare policies that excluded Indo-Fijians were based on wrong premises. However, Qarase government's only credible justification for proposing and implementing racial policies for ethnic Fijians may be the potential for violence the group has displayed from time to time and which the past governments have drummed for survival (Premdas 1993; Srikandarajah 2003). Adding to this argument, Ratuva (2002) argues that there were strong political motives for affirmative action policies in Fiji.

Now that more reliable poverty data is available, there should be no excuse for the past policies to continue, at least not in the form they were implemented by the Qarase government or those prior to Qarase government. Alternative well-planned policies would save the government millions of dollars and help expand the current social welfare safety net to include all the genuinely poor ethnic Fijians and Indo-Fijians who are struggling to meet their basic needs.

Analysing the sources of income from the HIES data gives further insight in the similarities and distinctions between the earning pattern of Indo-Fijians, ethnic Fijians and other collective minority community. A very large 82% of subsistence income (production for consumption) is earned by Fijians in contrast to only 15% for Indo-Fijians (see Table 5).

Table 5: Ethnic Distribution of Major Sources of Income (percent and 2002 Fiji Dollars)

Sources of Income	Fijian (%)	Indo-Fijian (%)	Others (%)	\$ M	%
Subsistence Income	82	15	3	151	7.6
Wages Casual	40	55	4	228	11.4
Wages Permanent	51	40	9	851	42.6
Agriculture Business	55	43	3	197	9.9
Commerce Business	29	65	6	145	7.3
Other sources of Income	50	43	7	427	21.4
Total Regular Income	51	43	7	1998	100

(Source: Narsey 2006b)

The large difference between Fijians and Indo-Fijians in commerce is notable. However, it also needs to be noted that this component of earnings contribute only 7.3% of the total. The earnings from agricultural sources are almost the same as the population composition of the two ethnic groups. The proportions of permanent wage earnings for the two communities are almost the same as the proportion of the population. The overall earnings for the two ethnic groups are also nearly the same as the population proportion. A slightly higher income for the Indo-Fijians, however, may be due to significantly large business earnings by the top strata of the Indo-Fijian population. It seems that the large difference in the earnings of the two communities in the business sector in favour of Indo-Fijians and subsistence earning in favour of ethnic Fijians, balances off the total earnings.

Table 6 shows that around 23% of Indo-Fijians are wage earners against 13.9% of all ethnic Fijians. Salary earners are slightly higher amongst ethnic Fijians, which is around 6.2% compared to 5.2% for Indo-Fijians. This may be due to higher representation of ethnic Fijians in the civil service. About 13.6% of indigenous Fijians are self-employed compared to 8.5% of Indo-Fijians.

Table 6: Activity by Ethnicity (No. of Employees as of 2002/3)

Usual Activity	Fijian	%	Indo-Fijian	%	Others	Rotuman	All
Wage Earner	59975	13.9	80504	23.3	3928	1691	146098
Salary Earner	26863	6.2	17891	5.2	3203	926	48884
Employer	696	0.2	2235	0.6	332	NA	3263
Self-employed	58928	13.6	29311	8.5	3340	239	91818
Family worker	28372	6.6	7083	2.0	1375	1127	37957
Community worker	1412	0.3	645	0.2	177	NA	2235
Retired/pensioner	4923	1.1	7481	2.2	436	96	12936
Handicapped	1510	0.3	2057	0.6	22	105	3694
Other Reason for Inactivity	5577	1.3	6508	1.9	429	594	13109
Not looking for work	1169	0.3	789	0.2	92	44	2094
Full-time Dom. Duties	49793	11.5	67494	19.5	3919	1290	122497
Not at School / Underage	52102	12.1	23449	6.8	2783	1159	79493
Full-time student	130170	30.1	91676	26.5	8267	3254	233368
Not at School/of Sch. age	3122	0.7	1534	0.4	333	37	5025
Unemployed/looking for work	5128	1.2	5918	1.7	382	NA	11429
Unemployed or Stopped searching for work	2011	0.5	1655	0.5	249	139	4054
All	431753	100	346231	100	29267	10702	817952

(Source: Fiji Islands Bureau of Statistics and Narsey 2006b)

There is a greater percentage (30.1%) of ethnic Fijian students than Indo-Fijian student population (26.5%). A higher percent of Indo-Fijians (19.5%) are domestic workers compared to ethnic Fijians (11.5%). This may be due to traditional practices among Indo-Fijians to restrict women from working outside their homes (Narsey 2007c). There is a higher percentage (12.1%) of ethnic Fijian children not at school compared to Indo-Fijian children (6.8%). What is evident from Table 6 is that nothing drastically is different about the two ethnic groups that makes one of them well-off with respect to the other. The two communities are characteristically different but not drastically different in terms of their welfare states.

Education and Wealth

A similarly analysis of the education sector reveals that the two communities are not much different except in terms of higher level of degree and post graduate qualifications for Indo-Fijians (with 5.5% compared to 3.3% for ethnic Fijians). The details are shown in Tables 7 and 8. It may be argued that an unsteady balance between the two groups has been reached only after many years of migration of qualified Indo-Fijians. There is a need for a change in the approach of affirmative action policies for ethnic Fijians so that a better outcome is achieved for Fijian education. This does not necessarily mean more funds for Fijian education but rather a better quality and more scientific approach to affirmative action in education. Better approach includes better quality equipment, teachers and generally better learning environment. A more aggressive stance on mixed race schools may be a way forward. The current approach to further segregate the education system by establishing separate Form 7 schools for ethnic Fijians or of any other kind of separate institutions is definitely not the right way for affirmative action policies in education.

Table 7: Highest Educational Attainment (as of 2002/3)

Level of Education	Fijian		Indo-Fijian		Others	Rotuman	Total
	Number	Percent	Number	Percent			
Senior Secondary	81255	73.9	70544	69.8	6174	3015	160988
Certificate/Diploma	24623	22.4	24836	24.6	2841	916	53216
Degree/Postgraduate	3624	3.3	5593	5.5	1323	129	10669
Other Qualifications	442	0.4	73	0.1	39	0	554
Total	109944	100	101046	100	10377	4060	225427

(Source: Narsey 2006c)

Table 8: Highest Educational attainment

Age Group	Females				Males			
	Fijian	Indian	Other	Rot.	Fijian	Indian	Other	Rot.
2 to 5 (pre-school)	12	11	16	0	11	12	0	0
6 to 11 (primary)	95	96	82	95	95	96	98	100
12 to 15 (junior secondary)	95	99	100	100	94	94	86	88
16 to 18 (senior secondary)	75	80	89	100	70	70	69	81
19 to 22 (tertiary)	29	35	45	37	33	34	46	48
23 to 34 (early career)	3	3	3	0	3	3	4	12
> 34 (late career)	0	0	1	0	0	0	0	0
All	30	27	27	27	31	26	29	33

(Source: Narsey 2007c)

Another issues for debate is the wealth accumulation trends for Indo-Fijians and ethnic Fijians. Wealth position can only be judged on the basis of verifiable official data on personal and business ownership of real estate and other forms of stock. The recent Census data may also be useful in this regard.

Conclusion

According to the HIES 2002-03 data now available, it is clear that Indo-Fijians are faced with poverty which is at least as bad as that for ethnic Fijians. This finding, although not surprising, needs the attention of the government policy makers at all levels. Apart from the token attention given to Indo-Fijians through the national family assistance scheme, the community needs support on equal footing to that given to the ethnic Fijians. The denial about the Indo-Fijian poverty needs to change. It needs the attention of the government at all levels and at the same time the political propaganda that misrepresents Indo-Fijian affluence needs to be countered to end the faulty perceptions of the people. To further clarify the problem of denial of poverty among Indo-Fijians, more data analysis is required, particularly to verify the myth that Indo-Fijians are far wealthier than the ethnic Fijians. The current blindness towards the poor Indo-Fijians in all state run welfare programs needs an open scrutiny and change of attitude.

All the existing welfare and poverty programs need new strategies

to make them effective. The policies need to become inclusive so that the poorest amongst all ethnic groups benefit from them. The poor ethnic Fijians who are excluded from the programs also need immediate attention. The current scheme that provides easy access to ex-prisoners should be put to an end so that only the genuinely poor people are assisted through social welfare schemes; current schemes reinforce criminality amongst ethnic Fijians. However, the assistance to ethnic Fijians in sectors such as education need more attention and change in strategy to improve the efficiency of resources. Better strategies for long term development of the education sector are needed to boost ethnic Fijian education. The current approach is wasteful and does not seem to deliver as it should.

**APPENDIX A:
Provisions for Affirmative Action in the Constitution**

44. (1) The Parliament must make provision for programs designed to achieve for all groups or categories of persons who are disadvantaged effective equality of access to:-
 - a) education and training;
 - b) land and housing; and;
 - c) participation in commerce and in all levels and branches of service of the State.
- (2) An Act that establishes a program under subsection (1) must specify: the goals of the program and the persons or groups it is intended to benefit;
 - a) the means by which those persons or groups are to be assisted to achieve the goals;
 - b) the performance indicators for judging the efficacy of the program in achieving the goals; and
 - c) if the program is for the benefit of a group, the criteria for the selection of the members of the group who will be entitled to participate in the program.
- (3) A person may take special measures in accordance with this section for the purpose of achieving substantial equality between different groups or different categories of persons.
- (4) A person does not discriminate against another person under section 38 by taking those special measures.
- (5) Subsection (3) does not authorize the taking, or further taking, of special measures for a purpose referred to in that subsection that is achieved.
- (6) The administering department or other agency must monitor the efficacy of a program established under this section by reference to the specified performance indicators. The Minister must make an annual report to Parliament on the results revealed by the monitoring.
- (7) Unless it has sooner expired in accordance with its terms or has been repealed, an Act establishing a program under this section expires on the tenth anniversary of its commencement, but the program may be re-established, unless the benefited persons or groups have demonstrably ceased to be in need of it.
- (8) A program established under this section must not, directly or indirectly, deprive any person not entitled to its benefits of:
 - a. any position or seniority in the service of the State;
 - b. any place in an educational or training institution;
 - c. a scholarship or other financial support; or
 - d. a right to carry on any business or profession or to enjoy any other opportunity, amenity or service; to which that person has already become, and would otherwise remain, entitled.
- (9) For the purposes of this section, an ethnic community is to be taken as

having effective equality of access to a level or branch of service of the State only if it is represented there in a number broadly proportionate to its number in the adult population as a whole, unless its under-representation is due solely to its particular occupational preferences.

(10) In this section: *service of the State* means service in any capacity on appointment: -

- a. by the President, a Minister, the Cabinet, a commission or the holder of a public office;
- b. by resolution of the Parliament or a committee of the Parliament; or by or on behalf of any local authority, whether or not the appointee is remunerated wholly or partly by public money, but does not include service as a member or employee of a body provided for in an Act referred to in section 185.

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