

## Book Reviews

**Institutions, Economic Performance and Sustainable Development: A Case Study of Fiji Islands**, by Biman C. Prasad and Clem Tisdell (Nova Science Publishers, Inc.), 2006, 278 pages, ix.

This book, by **Biman C. Prasad**, of the University of The South Pacific, and **Clem C. Tisdell**, of the University of Queensland, provides a comprehensive review of the land right issues in Fiji, and its impact on the country's economic development. Fiji comprises a large island chain in the South Pacific, with just under a million people. British control of the islands for about a century (1874-1970) helped it modernize in a number of ways, with a well-functioning civil service and court system, well-developed financial system, a good transport and communications network, and a decent level of public services such as education, health, sanitation, and water supply facilities. A highly open trade and financial links with neighbouring Australia and New Zealand, Europe and North America and, during recent decades, with emerging countries of East Asia, helped specialization and exchange. By the time British rule left in 1970, the country had prospered economically to become the hub of the South Pacific, boasting the highest income level in the region, excepting Australia and New Zealand.

The country did very well for many years after independence but a serious break occurred in otherwise a smooth progression of the economy, with the military coup in 1987. The main effect of the coup—and of other coups that have followed—has been the sharpening of racial divide—between indigenous Fijians and the country's predominant minority, the Fiji Indians. The main economic impact of this division has been felt through enhanced uncertainty of property rights in land that has prevented efficient utilization of the country's otherwise abundant supply of natural resources. Further, the broad linkages of agriculture to rest of the economy has slowed down economic growth overall to nearing stagnation.

Prasad and Tisdell's book presents a comprehensive review of the evolution of property rights in land and how it has impacted growth in many sectors of the economy—sugar, forestry, tourism—and may also have contributed to environmental degradation.

The first five of the total ten chapters in the book contain essentially background materials—a historical review of the economy and evolution of property rights in land. Chapter 1 introduces the book, taking into account

global challenges facing the South Pacific region. This chapter contains an interesting table on regional economic developments, with alarmingly low or negative rates of growth recorded by the region's large countries—Papua New Guinea, Solomon Islands, and Fiji. The chapter also compares developments in Fiji and Mauritius. Both countries are similarly endowed and are multi-cultural societies but Mauritius has forged ahead while Fiji has slid backwards, in terms of social and economic developments, largely reflecting more effective reforms undertaken by Mauritius for adjusting to the challenges of globalization.

Chapter 2 provides an overview of political developments in Fiji, focusing on its impact on property rights on land. The authors emphasize the fact that politically sensitive nature of property rights issues in Fiji has not allowed a proper discussion of its economic importance and that the present work is intended to fill this vacuum. The book 'approaches the debate on property rights in Fiji and other institutions from both an economic and a political perspective and provides new insights into the issue of resource allocation and efficiency in the sugar, tourism, and forestry sectors' (p. 13).

After a detailed discussion of the importance of institutional factors for economic efficiency and growth (Chapter 3), and a review of economic performance and poverty situation in Fiji during the period since the country's first military coup in 1987 (Chapter 4), the rest of the book is devoted to discussing the performance of major resource-based sectors of the economy—sugar, forestry, tourism, environment—relating their low growth and poor outlook to a lack of property rights in land, including the insecurity of land tenure.

Chapter 5 provides a historical review of the evolution of land rights system in Fiji, in which we learn that the communal system of land ownership 'in reality is a product of the British Colonial government under Sir Arthur Gordon (1875-88), that was intended to protect the native Fijians from losing their land to European settlers' (p. 80). Also, the Chapter provides a good discussion of the distribution of land ownership (p.81), where we learn that native land comprised 83 percent of total land area that was increased to 87 percent in 2002 after the SDL Government lawfully converted 40 percent of Crown (State) land (then about 10 percent of total land area) to native land.

We also learn in this Chapter (p. 84) that just over one third of native land is classified as Native reserve; this is that cannot be leased out to non-Fijians. Also there is very detailed and useful discussion of Agricultural Land and Tenants Act (ALTA) and Native Land Trust Act (NLTA), the land-lease problem of the sugar industry, and role of the Native Land Trust Board (NLTB, pp. 86-98). Table 5-4 (p.85) provides useful data on the distribution of rent from leased land, where we learn that landowners receive just about half of rent collected on their behalf by NLTB.

The discussion in Chapter 6 is devoted to the sugar industry which, in some ways, is the continuation of the theme developed in Chapter 5 and, in fact,

part of the discussion of sugar industry in Chapter 5 is repeated in this chapter. In fact, much of the data on sugar production in Table 6.1 is identical to those appearing in Table 5.17. This chapter includes a theoretical discussion of the impact of land tenure system on production and investment in the sugar sector. Regression results (p.135) show that both the level of yield and capital intensity (in the sugar sector) is higher when the number of years left for the expiry of leases happens to be more than ten years (p. 134).

Forestry sector is the theme of Chapter 7 which, like the sugar sector, is focused on the impact of the complicated ownership structure preventing efficient utilization of forestry resources. There it is noted that forest resources are almost exclusively owned by indigenous Fijians but are managed and controlled by the NLTB. Indigenous Fijians are allowed unlimited access to forestry resources for their own use which, however, gives rise to conflicts when NLTB leases out parts of the forest area to timber companies who prohibit access of landowners to the leased area. Such 'dual ownership' of forestry resources would imply a tendency towards over-exploitation of timber and poor conservation practices in general. In fact, since the forestry royalty, in large part, is collected by NLTB, 'there is a strong tendency for it to overexploit the forest resource' (p.158). The authors also see the potential for environmental damage: 'the current land tenure and property rights system in Fiji cannot promote the sustainable development of forest resources' (p. 169).

The discussion in Chapter 8 of the tourism sector presents a convincing case of the harmful effects of uncertain land ownership rights on hotel and resort development. After an overview of the growth of tourism sector, from the early 1970s, the later half of the Chapter is devoted to the impact of property rights in land on tourism development and the role of NLTB. The authors note the undermining affect of conflict between NLTB and local landowning units on land leased to hotel and resort owners. They quote from a report prepared by a group of experts who studied the problem: 'The group raised the concern at the increase in hotel cases where indigenous Fijian landowners opt to take unlawful acts such as road blocks to express their grievances as it relates to the application of their land and fishing rights' (p.193). That report goes on to say that, as a result of the unlawful actions by landowning units, a number of hotel projects have either been withdrawn by foreign investors or delayed. The chapter also briefly touches on the environmental aspects of tourism and concludes that, given the nature of conflict between NLTB and the landowning *mataqalis*, the coordination of conservation policies for environment will continue to be difficult (p.201).

Chapter 9 discusses the issue of environmental preservation in the context of conflicting and confusing land rights system that exists in Fiji. Environmental issues have been covered in earlier chapters on forestry and tourism, which are explained in more general terms in this chapter, but only the last

some pages of the chapter are devoted to the state of environment in Fiji. Land-ownership rights again is said to be crucial for environmental protection. Leaseholders usually do not concern themselves with environmentally-safe use of land, given their short-term interest in land. Also, among the indigenous landowners, there is a competition for the use of resources and, as such, resources can be overexploited. Resources such as forestry and fisheries are seen as common property resource or in some sense open-access resource, which gives little incentive for their careful utilization. The authors conclude that, despite a growing need for environmental protection, Government has not been actively involved in finding a solution. 'While environmental policy on paper appears to be well-designed, its implementation is wanting' (p.241).

This book omits, for unknown reason, two important resource-based sectors of the Fiji economy—fisheries and mining. In terms of value-added to GDP and their importance for subsistence living and job creation, the fisheries sector is twice as large as the forestry sector, and mining is of about equal size. Some discussion of the fisheries sector appears in the chapter on environment but this is quite inadequate. These two sectors should be included in any future edition of the book and, advisably, the chapter on environment can be dropped.

A more severe problem that I find with the book is the frequent reference to property rights which, in this book, exclusively refer to the right in land, not necessarily in terms of holding a title but just having a secure and long-term lease. This is what is conveyed in the book—over and over again: just allow the Indo-Fijian tenants a long-term secure lease on land they cultivate, and this will make their 'property rights' secure. I find this somewhat misleading.

Property rights mean more than just the right to own land or having a secure lease. Broadly interpreted, property rights have been conceived as the right to own *earned properties*, which is different from the right to own land and other *natural resources*. As such, *privatization* has meant allowing the private ownership of earned properties, which was basically absent from communist societies. Privatization of land has been less of an issue in the generality of cases and, on the contrary, *land reforms* undertaken elsewhere have meant 'de-privatizing' landownership and its distribution among peasant families who were more or less landless. In most cases, land reforms were primarily meant for social justice, for promoting equality, and reducing the power of landed-gentry over common people, who relied on land for a living. Economic focus was basically absent from such reforms and, if those reforms had positive economic consequences, these were considered side-effects—a sort of *externality*.

Also, it appears that the authors tend to over-emphasize the case for securing property rights on land as a panacea for improving land productivity. From the authors' own data, only 28 percent of all native land in Fiji is leased out, mostly to Indo-Fijian farmers. This means that the other 72 percent of land is available for 'lease' by indigenous users, at least part of it being farm land. *The*

lease to indigenous farmers can be tantamount to ownership—it would be unlikely that they would face eviction, as could be expected if the land is leased to Indo-Fijian farmers.

If the security of lease and ownership of land were such decisive factors in determining farm productivity, it would have meant that indigenous farmers would be ‘more productive’ than Indo-Fijian farmers cultivating the same quality land. However, this is not the case—probably never has been—and, if anything, Indo-Fijian farmers do a better job farming. Higher yield from Indo-Fijian farms can be sourced to non-economic factors, like a habit of hard work and good husbandry practices which, more or less, offset the disadvantages of uncertain lease...

The point is that land ownership may be important for getting good yield but other factors do matter, perhaps more decisively than just having a title to the land. These include the supply of farm inputs and use of modern technology, supported by extension and marketing services. It may only be a conjecture, but the farm yield, especially of non-sugar crops such as fruits and vegetables, can be doubled or trebled over a short time period if the Government pushes for making farm inputs, credit, technology, extension, and marketing services available to farmers, on a consistent basis and on easy terms. Lack of secure lease and ownership rights would constrain productivity to some extent but not to the point the provision of supportive services will not have an impact.

The sorry state of Fiji’s farm sector may be related to the poor land tenure system but the failure of Government to provide any meaningful support to this sector—especially marketing services and road access to vegetable, fruit, and dairy farmers—can be seen as undermining farm productivity more decisively—for both the indigenous and Indo-Fijian farmers—than just the land rights and security of tenure. In summary, the book could have been more balanced in its search for low agricultural growth in Fiji and inefficient utilization of the country’s natural resources.

As a matter of style, presentation of the book can benefit from elimination of, say, 90 percent of references—both from the body of the text as well as the reference list appended to each chapter. The authors need not justify everything that has been said in the book by citing a particular authority or so many sources. The huge body of reference cited in the book (taking up some 20 pages, in a book of 264-page length) may impress the reader of the highly researched nature of the book’s content. However, such heavy use of reference tends to reduce the credibility of authors’ own convictions about issues discussed and point of view expressed and, more importantly, it becomes hard to separate how much is the *alien stuff* and how much is actually *home-grown*.

Finally, let me suggest that future editions of the book can benefit from a more focused coverage of landownership/tenancy issues in Fiji than what is conveyed by the very broad scope of the book indicated by its title. Keeping in view

strictly the subject-matter discussed in the book, the title can be changed something to: *Economic Impact of Landownership System in Fiji*. Such a shortening of the book’s title will help avoid devoting so much space to the discussion of more general issues of institutions and property rights. Also, one should appreciate the fact that, as noted above, land rights are normally not included in the discussion of property rights.

**Sukhdev Shah**

School of Economics  
The University of the South Pacific  
Suva.



**British Documents on the End of Empire, Fiji**, Series B Volume 10, edited by Brij V Lal, the Institute of Commonwealth Studies in the University of London, 2006, etc.

The major challenge facing the Pacific Islands in the mid-1950s was to create nations out of tribal societies under colonial tutelage. For Fiji, the challenge was greater because in addition to 300 tribes or so, there were newer communities forged out of indenture. In addition to Europeans, Melanesians, Micronesians and Polynesians, Indians were by far the largest community, at that time, larger than indigenous Fijians.

This book is a goldmine of information on Fiji’s history of decolonization because it traces the tentative steps taken by Fiji’s multicultural community leaders and their British mentors to galvanize a society, with no prior experience of internal self government, into a nation of citizens. The publication of the official papers documenting the end of British rule is to be warmly applauded and welcomed. In the nineteenth century, Fijians and Rotumans initiated British rule. In twentieth century, the return of that rule was largely in the hands of the British. It was to be returned to a totally different Fiji and Rotuma.

The decolonization process began in earnest after the Second World War, with India leading the charge for independence in 1947. The ‘winds of change’ took fifteen long years to blow through the Pacific, largely because its people in most parts were happy with the prevailing winds. Many foreign powers ruled the islands with a mixture of benign dictatorship, minimalist development and infrastructure, happily leaving education and community to mission hands.

For Fiji, despite 37 years of independence, the challenge of forging a nation out of indigenous tribes and diasporic communities remains a festering sore. Its people have been broken hearted and torn apart having seen at least