The Fragility of Success: Repositioning Mauritian Development in the Twenty-First Century

Alastair Greig  
Australian National University  
Canberra, Australia  
alastair.greig@anu.edu.au

Mark Turner  
University of Canberra  
Australia  
mark.turner@canberra.edu.au

and

Paul D’Arcy  
Australian National University  
Canberra, Australia  
paul.darcy@anu.edu.au

Abstract: Mauritius is often considered a ‘success story’ to be read for salutary purposes by other small island developing states (SIDS). While it does share broadly similar attributes with many other SIDS, and acts in unison with other SIDS in international fora, local histories, cultures, geography and location invariably lead to significant differences in developmental trajectories. This paper presents an assessment of Mauritian history in order to explore the contemporary threats and opportunities that face the island in its contemporary quest to transform the island into Maurice Île Durable. Rather than offering Mauritius as a guide to other SIDS, it presents a useful case study of the tension between establishing social equity and carving out a functional role within the global economy.

Keywords: development strategy; development theory; ethnicity; globalization; governance; small island developing states; Mauritius

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Introduction

In 1972, writing in The Spectator, Trinidadian writer V.S. Naipaul (1972 [2002]: 119) concluded his essay on newly-independent Mauritius with the reflection that no theorist “… has yet devised, or attempted to devise, a political philosophy for these independent island barracoons; and it may be that their problems defy solution”. Subsequently, Mauritius defied Naipaul, achieving a level of socio-economic development that his analysis dismissed as unlikely. Yet, since the 1990s, discourses around risk, vulnerability, sustainability and climate change have directed more attention towards the fragile future of SIDS (Campling, 2006: 235), and Mauritian development is no exception. Mauritius has been actively working
‘minilaterally’ with other SIDS through the Barbados Program of Action (Perch & Roy, 2010: 1-2) towards ensuring that their specific contexts are factored into the more liberalized global economic climate driven by the World Trade Organization (UN, 1994; 2005; 2010; UNCTAD, 2004). The Millennium Development Goals (Millennium Project, 2005) also identified SIDS as a vulnerable category of developing nations.

Mauritius is often offered as a ‘success story’ or ‘economic miracle’ and many commentators and global institutions point to its ‘good governance’, usually defined in terms of ‘openness’ and transparency’. While acknowledging the importance of this factor, this paper stresses two additional factors: internal social governance and the ability to scan the global economic environment. We draw attention to how geographic and historical destiny can cut both ways by illustrating how Mauritius took advantage of contingencies associated with the process of globalization. Successful forms of socio-economic development in the current era of highly mobile capital demand economic flexibility, political stability and social equity. Theoretically, we argue that the narrow emphasis often placed on Mauritius’ ‘good leadership’ and ‘good governance’ needs to be contextualized by appreciating the social-democratic ideology of successive governments and the management of multiculturalism. In drawing these conclusions, we deploy concepts from political economy that adopt a critical realist framework.

This approach involves an epochal examination of the history of Mauritius: the colonial experience of earlier globalization (1600-1968), the post-colonial experience of diversified global integration (1968-2000), and the contemporary experience of liberalization. The focus of the paper rests on Mauritius’ present and future socio-economic development, while the conclusion draws together a series of general observations about SIDS development.

**Steps to Independence (1638-1968)**

Mauritius is situated in the Indian Ocean east of Madagascar and has a multi-ethnic population of 1.2 million people. The island is unusual in the history of European colonization in the sense that it was uninhabited by humans before it was discovered by the Portuguese and then settled by the Dutch in the early 17th century. The Dutch eventually abandoned the island in 1710 and five years later the French took control, renaming it Île de France.

The French began migrating to the island in the 1720s, introducing large numbers of African slaves to till the land. In the 1730s, under Governor Mahe de Labourdonnais, the island’s key port, Port Louis, was modernized as a key staging post for the East Indies; the island took on its character as an export plantation colony. Labourdonnais introduced the first sugar mill and slaves upturned more soil for sugar cultivation (Selvon, 2005: Chapter 15; Bunwaree, 1994: 6). By the end of the 18th century, six out of every seven island inhabitants were slaves.

For the French, the island performed the same primary-commodity function as its colonies in the West Indies, with the added military importance of a staging post on the spice route. Indeed, Mauritius’ strategic geographical importance for European colonialism would persist until the opening of the Suez Canal in 1869. Although the island was the site of the only
French naval victory during the Napoleonic Wars, the British eventually occupied the island in 1815 and held on to it as part of the British Empire until political independence in 1968.

The French occupancy, however, left an indelible cultural legacy that the British were forced to recognize. While English became the official language of government, the British accepted the cultural and commercial domination of the powerful French plantocracy. British occupancy was accepted by the French elite until the victory of the anti-slavery movement in Britain, when the plantocracy threatened rebellion (Selvon, 2005: Chapters 26-27). In order to ensure the future viability of the sugar industry, an agreement was reached to liberate the slave population in 1835 while introducing indentured labour from the Indian sub-continent. This immigration process—part of a more global diaspora of Hindu and Muslim Indians—was initiated in 1834 (Selvon, 2005: Chapters 29-32). By 1870, Indians represented some 216,000 out of a total population of 316,000 and emerged as a substantial agrarian proletariat (Varma, 2008: Ch. 6). Towards the end of the 19th century, a Hindu middle-class emerged from land purchases (le grand morcellement) following the decline of sugar prices and trading activities.

The former slave, or Creole, population was not provided with cultivated land; it established its own cultural life on the margins of colonial society (Selvon, 2005: Ch 28; Carroll & Carroll, 2000: 37). The contemporary ethnic profile of the island had been established by the turn of the 20th century: Indo-Mauritian 68% (52% Hindu, 16% Muslim); Creole or ‘general population’ 27%; Sino-Mauritian 3%; Franco-Mauritian 2%. While English remained the official language after independence in 1968, very few people speak it at home (Kasenally, 2007; Republic of Mauritius, 2010: 134).

An anti-colonial movement emerged out of the descendants of the Indian indentured labourers at the turn of the 20th century (Selvon, 2005: 337-9). These middle-class Hindus combined their anti-colonial struggle with the fight for labour rights and improved conditions for workers, imbuing the island with a strong social-democratic ethos (Varma, 2008: Chapter 10). This coincided with the end of mass migration from India, forcing colonial authorities and the plantocracy to consider the quality of local labour rather than supplementing it with migrants (Reddi: 2007: 60). When the British granted independence in 1968, it was supported by the numerically dominant Hindus, while other cultural groups treated it with more ambivalence: 44% voted against it. Riots between Creoles and Muslims in 1966 and 1968 signaled an inauspicious start to national development and seemed to foreshadow a future dominated by communal politics. Communalism was also written into the electoral system where the ‘best loser’ system guaranteed representation for each major ethnic group (Mathur, 1997).

At independence, Mauritius’ economic profile resembled a classic case of dependency. The colonial heritage had produced a monocultural economy, with arable land almost entirely devoted to sugar cultivation. Sugar refining was the only major secondary industry, although a small proportion of the island’s energy—bagasse—also came from the sugar harvest. This made it vulnerable to global ‘trade shocks’ (Greenaway & Lamusse, 1998: 207). The Meade Report of 1960 had recommended industrial diversification while accepting that the ‘outlook for peaceful development’ was ‘poor’ (quoted in Subramanian & Roy 2001). This finding was reinforced by the Titmuss Report of 1961 which warned that unemployment was likely to haunt Mauritius, due to high fertility rates and unsustainable population growth (Walker,
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1964). This combination of economic monoculturalism and ethnic multiculturalism left many commentators sceptical over the future of democratic development on the island. To ease the anticipated land pressure, absorb excess urban labour and relieve the economy of its sugar dependency, import-substitution industrialization was recommended.

Yet, two significant features of Mauritian colonial history facilitated democratic governance and social peace. First, the dominant French settler colonial economic elite (les grand blancs) did not have to displace and alienate the land of an indigenous people: Mauritius was uninhabited at the outset of European colonization. Their ownership was never challenged. They monopolized land-ownership, the principal export crop and value-added manufacturing until independence. However, the Creole population remained both the most economically and politically marginalized ethnic group.

Second, after universal franchise in the late-1950s, Indo-Mauritians dominated the island’s political life and reached an accommodation with the Franco-Mauritian economic elite (EISA, 2009). Thus, among the centripetal communal forces in late-colonial Mauritius was the setting up of a “consensual elite” (Field & Higley, 1980). This accommodation was facilitated by two other historical features of the island: first, the plantocracy or ‘settler bourgeoisie’ had already experienced accommodation with the British colonial administration (Darga, 1998: 3-4); and second, the island’s ethnic profile had remained stable since the end of Indian immigration at the beginning of the century (Lauprecht, 2009: 37-8). More importantly, this elite alignment provided the state bureaucracy with relative autonomy from local and foreign capital (Sandbrook, 2005: 552). This was a basic prerequisite (but no guarantee) for its later ability to generate a strategic industrial policy, allowing it to design “national goals independent of the direct influence of the dominant economic class” (Meisenhelder, 1997: 295; Darga, 1998: 5).

While the positive features of colonial political economy and governance have appeared more important in the light of Mauritius’ subsequent post-colonial developmental ‘miracle’, at the time of independence many observers anticipated a less optimistic future. Carroll & Carroll (1997; 1999; 2000: 29) point to good leadership as a key variable to explain the democratic development success that Mauritius subsequently experienced. Yet, this was not pre-ordained: good leadership entailed ongoing environmental scanning that anticipated opportunities in the world economy while simultaneously managing local inter-ethnic relations.

Steps to ‘Tigerhood’ (1968-2000)

Four years after independence, V.S. Naipaul (1972 [2002]) presented his bleak developmental vision of Mauritius. He suggested that sustainable economic ‘take-off’ (Rostow, 1960) would never occur, quipping that: “It was on Mauritius that the dodo forgot how to fly” (Naipaul, 2002: 107). He also argued that the welfare state which Fabian-inspired governments had introduced would act as a drag on the island’s developmental potential (Naipaul, 2002: 112). Indeed, during the 1970s, Mauritius experienced economic, social and political strain, evidenced by high levels of out-migration and unemployment, rising import costs, high levels of foreign debt, low levels of foreign direct investment and reliance on soft loans from the World Bank and the International Monetary Fund (Meisenhelder, 1997: 285-7). At this stage, Mauritius’ development resembled that of most other African nations: an inability to transcend
mono-crop dependency, stalled incipient industrialization, and growing public debt. Until 1980, the curse of peripherality identified by dependentistas appeared to be Mauritius’ fate.

Yet, while the 1980s was deemed a “lost decade of development” for most of Africa (Easterly, 2001), Mauritius was touted as a developmental success story. While the post-independence Mauritian state had been encouraged to pursue a strategy of import-substitution, precisely at the time when this was being questioned in other parts of the world (Kiely, 1998: Chapter 6), by the late 1980s the World Bank (1989, 1992) described the Mauritian case as one of the most successful Export Processing Zones (EPZ) in the developing world and others hailed it as ‘the “tiger” of the Indian Ocean’ (cited in Bunwaree, 1994: 57).

The success was built on Mauritius’ ability to take advantage of its political stability, its post-colonial preferential trading status, its relatively skilled workforce and its local capital, all of which coincided with the interests of a section of mobile foreign capital. This enabled the post-independence Mauritian developmental strategy to combine sugar exports, tourism and export-oriented, labour-intensive, industrialization. It diversified and expanded the economy, making use of its colonial linkages, its welfare provisions and its ability to draw participation from significant sectors of the multi-ethnic population who felt that they had a stake in the Mauritian development project (Aumeerally, 2005: 170).

During the 1970s, the government shifted to a more export-oriented development program that took advantage of Mauritius’ colonial legacy. An earlier business delegation had been struck by the similarities with Taiwan, another heavily populated island with few natural resources (Bräutigam, 2008, 2003). EPZs were set up to encourage foreign firms to invest in factories and take advantage of cheap, well-educated Mauritian labour. These businesses enjoyed freedom from tariffs on imported machinery and inputs, tax concessions on profits, exemption from import/export duties and the national labour code, provision of tax holidays, and maintenance of full ownership of facilities. In addition, the Mauritian state provided infrastructure for investors (Subramanian & Roy, 2001: 19-20).

Between 1979 and the early 1990s, unemployment fell from 23% to 2%, and national income became more evenly distributed, although most workers in EPZs were young women, working a weekly average of 45 hours, plus 10 hours overtime (Bunwaree, 2007). The state ring fenced the EPZ from local labour legislation, and working conditions (including occupational health) were worse in the EPZs than in non-EPZ workplaces, although the gap narrowed in the 1990s (Subramanian & Roy, 2001: 20). Most EPZ factories were not unionized, even though trade unions were legal. Despite these social costs, this export-oriented industrialization drive diversified the local economy and standards of living rose for most Mauritians in the final two decades of the 20th century. Conditions of near full employment also improved living standards among the most marginalized, Creole, section of the population.

Given the parlous state of the Mauritian economy during the 1970s, this strategy suggested a number of advantages: bringing in foreign exchange; generating jobs in the formal market; diversifying the Mauritian economy; and reducing the cost of technology transfer. The EPZs were virtual zones and firms could locate anywhere on the island, meaning that state-sponsored infrastructural development also had positive spin-off effects for local communities.
(Bunwaree, 2010: 41). Strategically-situated businesspeople from particular ethnic groups acted as brokers between foreign investment and the local context (Srebrnik, 1999: 298), allowing the island’s entrepreneurs to conquer “new markets by taking advantage of its symbolic multi-ethnic capital” (Chazan-Gillig, 2000: 42). This path brought a needed injection of FDI and diversified the economy away from its monocultural economic origins.

Apart from these inducements, textile and clothing firms could benefit from the island’s colonial legacy and preferential access to Europe via the Multi-Fibre Agreement (MFA) and the Lomé Convention (Subramanian & Roy, 2001: 21-24). In particular, this attracted clothing entrepreneurs from Hong Kong who had reached the limits of their MFA export quotas into Europe. As labour costs rose in places like Hong Kong (and as Hong Kong industrialists began to prepare for the return of that territory to China in 1997), Mauritius looked like a convenient base to establish ‘cut, make and trim’ services for global apparel production chains (Srebrnik, 1999; Bräutigam, 2008). Indeed, 22% of foreign investment came from Hong Kong. By the year 2000, some 90% of EPZ jobs were in the apparel sector (Subramanian & Roy, 2001: 8).

The island was also able to exploit its colonial heritage through preferential post-colonial concessions for its sugar exports. Local sugar money was also transferred into the clothing industry (as well as tourism), alleviating total reliance on foreign capital; at one stage around half of all EPZ capital was locally sourced (Meisenhelder, 1997: 289-90; Bunwaree, 2010: 42; 2007: 170). This included significant joint-ventures between Asian and Franco-Mauritian investors (Bräutigam, 2008). The earnings from the textile and clothing sector were bolstered with earnings from high-end tourism from the 1970s onwards.

Thus, by the 1980s, the island’s peripherality and post-colonial status had taken on new relevance. Mauritius was able to benefit from structural tensions within the New International Division of Labour (NIDL), a term that describes the growing mobility of capital and global reach of commodity chains (Frobel et al., 1980: Gereffi & Korzeniewicz, 1994). In effect, Mauritius exploited its post-colonial access preferences under the Lomé Convention and its underutilized clothing quotas to act as a link between Asian producers and European consumer markets. Rising wages in Asian NICs, competitive Mauritian labour costs, an accommodating Mauritian state, and a stable political climate, allowed Mauritius to adopt an ‘opportunistic’ development strategy that exploited historical contingencies (Kearney, 1990: 199).

Contrary to the market-oriented ‘orthodoxy’ of ‘the Washington Consensus’ advocated by the International Monetary Fund and the World Bank during the period, Mauritian success was built on judicious state regulation of FDI, import and export taxes and careful management of social change (Subramanian & Roy, 1991; Meisenhelder, 1997: 288-91; Baissac, 2003; Campling, 2006: 243). Under many other conditions of global economic opportunism, developing societies have adopted policies that exacerbated social exclusion of ethnic groups, marginalized classes and women and/or have pursued their goals through either undemocratic or repressive measures. In the Mauritian case, there was a conscious effort by the state to maintain a socially inclusive approach to development. First, even though EPZ conditions differed from other sectors of the local economy, they were physically located throughout the island and were visually indistinguishable. The geographic dispersion of the EPZs ensured that state concessions to foreign capital were diffused across society. Second, the existence of wage
labour in a globalized clothing sector presented opportunities for women to loosen the restrictions of patriarchal relations, despite a discriminatory EPZ wage policy (Bunwaree, 2007). Third, the government maintained a relatively strong welfare state and rejected the advice of the IMF to reduce state subsidies and services (Meisenhelder, 1997: 287). One of the consensual features of the Mauritian elite parties was their commitment to social-democratic principles, a legacy of pre-colonial Fabianism (Bunwaree, 2010: 44; Reddi, 2007: 69-70: Kasenally 2011). Through these measures, social marginalization was minimized, though pockets of poverty remained, especially within some Creole communities. Yet, the state was able to effectively manage communal politics through economic growth, and celebrate ethnic diversity through social programs and visible efforts to support ethnically diverse civil society groups in an equitable manner.

The Mauritius ‘miracle’ was a combination of an opportunistic use of peripherality within the world capitalist system, well-managed inter-ethnic relations, and avoidance of social exclusion. Consciousness of both the island’s peripherality and of social inclusion under conditions of ethnic diversity were important elements of the Mauritian state’s industrial strategy throughout this period. Yet, the mobility of global capital would mean that this window of opportunity would not last for long. By the new millennium, new tensions emerged between internal social equity and the island’s role in the global economy.

**Steps to Durability in the New Millennium**

While Mauritius is often held up as a success story, Mauritians are acutely sensitive to the fragility of their developmental path. Two recent books capture conflicting moods: Mehta & Mehta (2010) describe Mauritius as a ‘development wonder’; while Bunwaree (2010) deals more warily with the same process. This section reviews the dilemmas associated with Mauritian governments’ quest for ‘durability’ amid global uncertainties and local vulnerabilities.

The global economic environment in the new millennium has been transformed considerably due to ongoing liberalization. The opportunities that allowed the Mauritian economy to serve as a link in the ‘old’ NIDL have now passed. There is a range of emerging problems. First, there is the phasing out of the sugar access preferences that shielded Mauritius from export competition. It had been anticipated that Mauritius could expect a loss of 36% of its revenue from sugar in a post-preferential trading world (Republic of Mauritius, 2010: 59). Second, there are cheaper labour-intensive locations for clothing production, in particular China (Taylor, 2009: 66-8). Within the region, Madagascar and many other African countries are also more wage competitive than Mauritius (Subramanian & Roy, 2001: 9). Third, the twilight of the MFA and the Lomé Convention has forced many Mauritian-based apparel manufacturers to relocate offshore (Gibbon, 2008). A sign of these problems over recent years has been recurrent balance of trade deficits (Republic of Mauritius, 2010: 121).

These changing circumstances could have been anticipated (Baldacchino, 1998: 271; English, 1998; World Bank, 1992b), and critical commentators lament the fact that Mauritius did not diversify away from the low-margin clothing sector (Peedoly, 2007; Seegobin, 2005). Yet, Gibbon (2008) suggests that various strategies were adopted by different clothing producers in
Mauritius during the 1990s as they faced growing competition; and upmarket adaptations did not generally lead to improved levels of productivity. ‘Delocalization’ ended up as the preferred solution. Consequently, by the new millennium, unemployment again rose to double digits, with working women and the Creole community most adversely affected (StraConsult, 2008: 91). One approach adopted by firms remaining in Mauritian EPZs is to import foreign labour. Some 30,000 Indian, Chinese, Bangladeshi, Malagasy and Nepalese workers now earn lower wages than locals and are prepared to accept work of a more precarious nature (Ackbarally, 2010; Suntoo, 2009; Gibbon, 2008).

In response to the changing circumstances, over the past decade successive governments have sought to realign national development by laying the foundations of a ‘knowledge economy’. The aim is to become a ‘hub’ linking Africa and Asia for ICT services, financial services, transportation and fishing (Republic of Mauritius, 2010: 130-1). The state accessed a line of credit from India to establish a ‘cybercity’ at Ebene, adjacent to the University of Mauritius at Le Reduit. Various MNCs have been persuaded by this vision, including IBM, Microsoft, Sun Microsystems, Ericsson, Hewlett Packard and Pentafour. In addition, an agreement has been reached with China to establish a special zone for the Tianli project at Riche Terre, which will accommodate a range of Chinese entrepreneurial activities. This corresponds to the Mauritian government’s vision of transforming the island into a transportation hub – or a ‘gateway’ into Africa - taking advantage of the deep-water port access at Port Louis. An attraction for these companies is that the island is considered among the top African nations in terms of the quality of its communication infrastructure and port facilities. Yet, there remains some scepticism over whether this strategy will raise the knowledge-intensity of the Mauritian economy (Tolnay, 2007). After constructing the cybercity’s symbolic ‘Cybertower’, some critics considered it little more than a call-centre hub, with low value-added services, low wages and poor conditions (Tolnay, 2007).

Over the past decade, the potential for Mauritius to enhance its role as a world class ‘seafood hub’ has also been explored. The Government of Mauritius (2010: 46) has noted that coastal marine resources “remain our most valuable assets on which the socio-economic development … depends”. Fishing and associated activities contribute some 2.5 to 3% of GDP and around 15,000 full-time equivalent jobs (Barnes & Campling, 2008: 33). The range of opportunities that could promote the local seafood hub includes better port facilities and handling procedures, improved incentives for foreign fleets such as liberalizing bycatch regulations, and the promotion of particular lines of tuna products for the European market. Yet, Barnes and Campling (2008: 15, 34) also highlight the structural constraints that the hub confronts and warn that Mauritius “will need to fight hard to maintain its market share” and acknowledge that the hub will never achieve the national prominence that sugar and apparel assumed. Various challenges include the sustainability of catches, competition with countries such as Thailand, foreign exchange movements, the vagaries of demand and possible changes to preference arrangements and global regulatory frameworks (also Oosterveer, 2008).

Mauritius therefore entered the first decade of 21st century, attempting to reposition itself within global trade networks and diversifying its economy in order to spread risk. It also, however, confronted growing social problems. Perhaps the most serious of these issues has been the rise in unemployment (which has hovered at around 8%) and clear signs of growing
inequality (AfDB-OECD, 2008: 442). A 2009 UNDP report suggested that the number of poor households had risen along with income inequality over the past decade (Republic of Mauritius, 2010: 4). While Mauritian poverty and inequality might not appear alarming relative to other countries in the region (or even compared with many OECD states), they come in the wake of two decades of rising expectations. This relative deprivation could fuel discontent, especially under conditions of growing inequality (Gurr, 1970; Davies, 1962; Carroll & Carroll, 2000: 34-6).

Mauritius is expected to meet most of the targets associated with the Millennium Development Goals (MDGs), features in a comfortably high rank in terms of its Human Development Index (HDI), its public order is the envy of many African neighbours, and an impressive welfare state has been maintained. Yet, public discourse in Mauritius is acutely sensitive to the dangers of outbreaks of communal violence and class conflict. Police (2007: 140) argues that the benefits of the Mauritian miracle have not reached all sectors of society and that “the descendents of the slaves (the Creole population) are the principal victims of the neoliberal economy” (our translation). Bunwaree & Kasenally (2007: 24) also warn that, unless ethnic poverty--and the malaise creole in particular (Boswell, 2006)--is addressed, it could “… give a new significance to ‘otherness’ and identity politics”, thus threatening Mauritian social cohesion (also AfDB-OECD, 2008: 432).

The sensitivity among Mauritians to the possibility of communal violence was heightened by rioting between Hindus and Creoles in 1999, sparked after the island’s most popular Creole seggae musician, Kaya, was killed by police after a demonstration in support of the legalization of marijuana (Laville, 2000). A few dozen houses were burnt down, stores ransacked, and police stations attacked across the island, resulting in five deaths and the equivalent financial loss of 1.5% of GDP (Carroll & Carroll, 2000: 25). This conflagration was significant not only as the worst case of civic violence since independence; but also in bringing to the fore underlying anxieties within both the state and civic society concerning the need for a sensitive management of ethnic relations required in a multi-ethnic developing society (Eriksen, 1994: 566). Sensitivity to multicultural violence is especially critical to Mauritius since its good reputation relies heavily on its socio-political stability (AfDB-OECD, 2008).

Debates over the future development strategy in Mauritius invariably return to issues of ethnicity and social marginalization. For instance, the regional ‘cyberhub’ vision raises linguistic questions relating to the island’s colonial past and its global future. Some commentators argue that a more democratic education system would provide instruction at primary level in the majority language, kreol (which is the main language of the poor), rather than the English, the language of the former colonial power (Bunwaree, 1994). Others argue that the English language needs to be ‘creolized’ in order to strengthen Mauritius’ claim to serve as a global ICT hub (Kasenally, 2007). The latter argue that the island would marginalize itself in communication-based and financial-service developmental strategies if the local kreol language was privileged over English, the leading language of global business (Seetah, 2010: 106). As Carroll & Carroll (2000: 28) note, “language remains one of the country’s most controversial and divisive issues” (also Eriksen, 1994: 552).
Working against the centrifugal forces unleashed by liberalization, the social-democratic ethos and Fabianism inherited from the founders of independence have left a profound and beneficial legacy (Sandbrook et al., 2006). Mauritius has retained a strong welfare state in a liberalizing world, including free health care, guaranteed age pensions and free education, even if near-universal private tuition undermines the egalitarian intent of free education and lowers the quality of the state education system (Ramharai, 2007; Miles, 2000: 218; Carroll & Carroll, 2000: 45). Once again, it is the more marginalized Creole section of the population that is disadvantaged by this covert privatization of schooling. The Mauritian state also resisted the IMF/WB conditionality of abolishing free education in the context of structural adjustment programs in the 1980s. More recently, the state introduced statutory corporate responsibility, obliging firms to spend 2% of their profits on ‘corporate social responsibility’ programs or surrender an equivalent amount in tax (Republic of Mauritius, 2010: 159).

This social-democratic legacy and concern over inequality and injustice can be found in the island’s art and literature. From the ongoing popularity of Bernardin de Saint Pierre’s 18th century Rousseauian classic Paul et Virginie that placed Mauritius on the literary map, to contemporary plays such as Bhishmadev Seebaluck’s The Shattered Rainbow dealing with the 1999 ethnic riots, to Nathavcha Appannah’s 2004 novel Blue Bay Palace, dealing with poverty and the tourist industry, Mauritian culture is steeped in a consciousness of the social and moral dangers of marginalization (Coomar, 2005: 12-13). Yet, as the education example suggests, despite the fact that social democracy and the welfare state remain the unchallenged political philosophy of the island (Kasenally, 2011; Khoodabux, 2000: 17; Bräutigam, 1997: 59-60), growing inequalities and the forces of market-led globalization undermine the egalitarian rhetoric of official discourse. The contemporary political economy is characterized by tension between trends towards inequality and a social-democratic ethos.

Another tension involves local concerns over state corruption and international perceptions of ‘good governance’. Many Mauritians consider corruption a scourge on the island that helps unite ethnically-divided economic and political elites (Ramoly, 2007). Yet, since the mid-1970s, Mauritius has stood out in Africa for its stable government. Regular democratic elections have been held and contested by a range of centre-left parties and shifting coalitions, without serious constitutional issues. While this has ensured an unsurpassed degree of political stability, there is a sense among the non-elite that party politics is not about ideas or ideologies (Bunwaree, 2010: 47-8). This can be observed in the lack of any linear grouping from right to left, or soft to hard left among the coalitions, and no party represents liberalism (Khoodabux, 2000: 17). This remarkable political quietism could only be maintained as long as the consensual elite—a modus vivendi between Franco-Mauritians in the economic system and Hindus in the political one—can guarantee a decent standard of living and economic development for the majority of the population. As noted above, the malaise Creole has remained an ongoing problem for state authorities.

More recently, political stability has been complemented by ‘league tables’ that rank Mauritius highly in terms of economic governance (see World Bank, 2005). It was ranked first in the 2007, 2008 and 2009 Ibrahim Index of African Governance (Mo Ibrahim Foundation, 2009). In addition, the World Bank’s (2009) Doing Business Report ranks the island as sub-Saharan Africa’s best entrepreneurial environment and 17th out of 183 economies in terms of ‘overall
regulatory ease of doing business’. The Heritage Foundation ranks Mauritius 18th in the world list of the freest economies (AfDB-OECD, 2008: 429-43; also Republic of Mauritius, 2010: 128). Port Louis remains the wealthiest city in Africa and the second largest container port in sub-Saharan Africa (AfDB-OECD, 2008). These market perceptions clearly benefit the Mauritian government in its attempts to attract foreign capital, yet involve further structural adjustments to the economy and society. Durability involves an ongoing set of tensions between the world economy and local welfare, between state regulation and economic freedom, and between the welfare state and individual enterprise (Polanyi, 1945). This durability also involves holding class and communal inequalities within bounds acceptable to a population that has historically regarded a social democratic ethos as the norm.

For this reason, the 1999 communal riots were viewed by many commentators as a harbinger of things to come. On a global scale of ethnic conflict, these communal riots between Hindus and Creoles in Mauritius hardly register. Yet, within Mauritius the communal riots symbolized three trends: the malaise creole threatened to undermine the state’s consensual legitimacy in terms of social inclusion; the first ‘opportunistic’ stage of development was coming to an end; and social peace would remain fragile until a more new socio-economic developmental path was found that accommodated all sections of the population (Carroll & Carroll, 2000: 26; Miles, 1999a; Bunwaree, 2002: 7).

Successive Mauritian governments in the new millennium have been conscious that the old development path has reached a ‘crossroads’ (Bunwaree & Kasanelly, 2007; Stoler, 2004). However, contemporary globalization places every nation at the crossroads, as it is constituted by such tensions where progress and social conflict coincide. The post-independence strategy that produced the ‘miracle’ based on post-colonial preferential tariffs and quotas, Lomé and the MFA, is now redundant in the WTO era of trade liberalization.

The new architecture of global trade demands a high degree of flexibility and resilience in order to meet the needs of the Mauritian population (Republic of Mauritius, 2010: 187; Bunwaree, 2010: 40). Economic diversification is not a step on the developmental ladder; it is the transformative energy that keeps the engine moving. This is a lesson that all small island developing states have had to take on board over the past two decades, and the 1994 Barbados Program for Action is an institutional recognition of this shared experience. The further transformation and diversification of island economies has become a progressively more central part of the UN-led Barbados discourse over the past ten years. Thus, Mauritius has labelled its own sustainability strategy Maurice Île Durable (Republic of Mauritius, 2010: 8).

An assessment of any ‘durable’ strategy for Mauritian development needs to consider a range of threats and opportunities. Developmental opportunities depend on social tensions associated with open markets being managed in a socially-inclusive manner. There are three advantages, or opportunities, that are often identified. First, in an era where global impression management is significant for FDI, international league tables of governance and transparency consistently rank Mauritius as a stable, open and reliable state. This status positions the island well in an era of liberalization. This might be a necessary but not sufficient indicator of ‘durability’.
Second, to take advantage of successful impression management, Mauritius (and other small island developing states) must rethink the meaning of peripherality. In an era of mobile global capital, peripherality remains an important, but more relative, concept. As Chinese and Indian markets expand internally and internationally, Mauritius appears less geographically and culturally peripheral. With these two emerging economies now looking towards Africa as a market for sourcing raw materials and selling finished products, Mauritius becomes more ‘central’ in both a geographic and cultural sense. With this in mind, the Maurice Île Durable vision anticipates that the diversification of the island’s profile will progressively move away from sugar and textiles, and instead towards tourism, fishing, financial services and ICT products. It envisages the island as a ‘hub’ for regional trade, transportation and communication. This capacity by Mauritius to position itself as a ‘hub’ rather than a ‘spoke’ is testimony to the possibilities associated with islandness in a global environment.

Third, the free education and health services that the island has established will become even more significant in anchoring Mauritius as a politically stable ‘knowledge economy’. Maintaining the welfare state has a more significant role in the wake of the 1999 riots; one of the key governance issues will remain managing ethnic tension and maintaining a national consensus over equity and social inclusion.

**Five Cases of Social Exclusion**

Even if the state marshals its resources to reinforce an inclusive welfare state, there is a danger that the form of capital that the island attracts will exacerbate social exclusion. This constitutes a significant threat to any ‘durable’ developmental strategy. Five cases of this social exclusion serve as examples: integrated resort schemes (IRS), the Tianli project, the cyberhub, guest labour schemes, and the lack of engendered development. While the first three threats are associated with the nature of foreign investment, the latter two are more directly associated with ethnicity and gender.

IRSs are high-end resorts where foreigners are invited to purchase dwellings within exclusive gated-type communities and receive the benefits of Mauritian permanent residence. The resorts are positioned on the most valuable and attractive coastal strips and serviced by locals. Such resorts designed for absentee property owners have been blamed for rising construction costs and land shortages (Republic of Mauritius, 2010: 68; Kasenally 2011). The Tianli project involves allocating land to Chinese capital rather than absentee landowners and is historically one of the largest EPZ concessions on the island. While generating foreign income, the project is more a form of enclave capitalism than an integrated part of the Mauritian economy. It is debatable whether it will have the same infrastructural spin-offs as previous variants of the EPZ policy. Even the more recent vision of a cyberhub has been challenged by those who suspect that foreign capital will exploit the island’s human resources and unique multi-lingual profile as a modern data-processing and call centre. This would provide job opportunities; yet Mauritius, structurally, would remain a peripheral actor in the regional ICT network.

Relative deprivation also poses a threat to any developmental strategy under contemporary conditions. As a result of the success of previous developmental regimes, fewer Mauritians are prepared to work for what they consider substandard wages within the earlier EPZ variants. As
a consequence, foreign capital has had to rely more on guest labour contracts with countries such as Bangladesh, Sri Lanka and China. Ethnic tensions are highest, not among the major communal groups that constitute Mauritian citizenship, but between Mauritians and the guest labourers, who are seen as taking up locally-unacceptable levels of exploitation. Finally, with the restructuring of the clothing and textile sector, women’s unemployment has risen to three times that of men and they are estimated to earn under 40% of male income (StraConsult, 2008: 91). Bunwaree (2007b; 2010: 55) also notes Mauritius’ low ranking in the UN Gender Development Index, highlighted through low rates of women in Parliament relative to the rest of southern Africa. ‘Gender-inclusive democratic development’ remains a major challenge.

These tensions illustrate that ‘good governance’ means more than transparency, openness and attractiveness to mobile capital. The 1999 riots on the island were a combination of class and ethnic frustration. The success of Maurice Île Durable depends on the ‘consensual elite’ maintaining the confidence of different communal constituencies. Failure could destroy this elite consensus and the universal benefits that the state has bestowed through the welfare state. This would promote communally-based politics driven by ethnic fear and particularism, rendering the attainment of any form of ‘good governance’ more elusive. Ultimately, no development strategy can be permanently durable, but what needs to be durable for development to be worth the name is a sense or ethos of social inclusiveness and social equity

**Conclusion**

This conclusion draws some theoretical conclusions from our historical analysis of Mauritius. Implicitly, the way in which our epochal approach has assessed Mauritian development necessarily framed this construction of the historical narrative. This narrative has been based on a holistic approach to development and a broad conception of governance.

The first point is that Mauritius did not develop in the ‘staged’ manner suggested by modernization theory (Rostow, 1960), does not conform to steps on the ‘ladder of development’ (Millennium Project, 2005; Sachs, 2005), and does not follow ‘flying geese’. Such models assume a degree of territorial self-sufficiency that many SIDS could never hope to achieve in the modern era (Baldacchino, 2006). They assume a model of historical development where earlier ‘prototypes’ are ‘followed’ by later developers or ‘emulators’. Evidence from Mauritius, and elsewhere, cautions against employing the concept of an ‘ideal’ path (Greig et al., 2007), or what Miles (1999b: 103) has referred to as “a warmed-over version of the moralistic subtext of modernization theory”.

We suggest that it is theoretically more useful to understand the more holistic stage of development of the global economic system when assessing the opportunities for development of any particular SIDS. Indeed, all states, regardless of their characteristics or development status, need to be understood structurally in relation to the current dynamics of the world economic system, supporting Appadurai’s (1996: 19) claim that states “make sense only as parts of a system”. Moreover, peripherality—a highly relational term—has featured notably in assessments of SIDS such as Mauritius. Campling’s (2006: 236) critical political economy emphasizes “permanent physical isolation” as a key variable common to SIDS (UN, 1994: UNMP, 2005). This makes SIDS appear susceptible to chronic peripherality.
Yet, the Mauritian case offers evidence that such structural positions also offer opportunities. In its earlier search for ‘tigerhood’, or in more recent hopes to become a knowledge or seafood ‘hub’, successive Mauritian governments attempted to deploy peripherality to their advantage (Aumeerally, 2005). This involved the exploitation of agricultural rich-country preferences, the establishment of EPZs, and more recent efforts to transform Mauritius into a transport and communications centre. In each case, success was not assured, is temporary and insecure. But again, no developmental path has ever resulted in permanent security. What Beck (1998) refers to as ‘world risk society’ demands that states practice a degree of flexibility and “opportunist pragmatism” (Baldacchino, 1998: 275; Campling, 2006: 248-9; Sandbrook, 2005: 577). A practice of scanning the environment for threats and opportunities has helped Mauritius entrench a culture of openness and flexibility. In this way, it has been able to market itself as “the most cosmopolitan island under the sun” (Dobson, 2007). The island’s development has evolved along lines described by Baldacchino (1998: 267) “… on the basis of a pragmatism in part derived from the handicaps imposed by the architecture of global capitalism and colonialism”. In another context, Baldacchino (2006: 91) refers to this approach as “compensatory policy capacity” built on “jurisdictional resourcefulness … small island jurisdictions demonstrate how creative politics can compensate for demographic, economic and, more recently, “knowledge poverty”’. Mauritius is a good example of this pragmatism, whereby a seemingly ‘isolated entity’ becomes “the centre of the geographical and economic changes wrought by the process of globalization” (Chazan-Gillig, 2000: 33).

Our second point is that this creativity also applies to governance. Mauritius’ ethnoscape at independence (Appadurai, 1990) was considered by many observers to be a developmental disadvantage that would increase the chances of social conflict and hold back peaceful development. Yet, in its search for ‘tigerhood’, and in its contemporary search for ‘durability’, the Mauritian state has used its multi-ethnic profile to benefit national development. Diasporic communities have performed an important role in attracting FDI and linking the island to wider global communities. While ‘diasporic public spheres’ and ethnoscapes constitute, for Appadurai (1996: 19-23), part of the ‘terminal crisis’ of the nation-state, the Mauritius case seems to suggest that the nation-state can leverage these global flows to its advantage.

While multi-ethnic profiles can be beneficial, durable development also implies social inclusiveness. In Mauritius, the 1999 riots symbolized the end of the opportunistic ‘tigerhood’ stage of development. In recent years, as successive governments have sought to reposition the Mauritian economy in conditions of global uncertainty, the island has kept unemployment to 7-8%, absolute poverty close to 1%, and limited the trend of increased national inequality that other nations have suffered under the globalized regime of liberalization.

Yet, this careful management is currently under threat from economic policies that could exaggerate social inequalities. There is even the possibility that the malaise creole could be exacerbated by the unintended consequences of other developmental policies, such as the discriminatory treatment of foreign labour. Bunwaree (2002: 2) has argued that smallness “often contributes to making inequalities more readily and easily visible and thus frustration builds up more quickly”. Part of the governance that is required under such circumstances is “managed intimacy” (Bunwaree, 2002: 10; Lowenthal 1987). This intimacy demands skills
associated with “compromise, negotiation and proceduralism” (Miles, 1999b: 96). A socially-inclusive developmental model is more urgent in situations where smallness is compounded with a political structure organized along multi-ethnic lines. Too many examples from the rest of Africa illustrate that socio-economic development is inconsistent with political strife.

Since the end of the Cold War, an emphasis on ‘good governance’ has tended to become a byword for neoliberal reform (Carroll & Carroll, 1997: 468). However, as Cammack (1990) argues, and as our analysis also suggests, the institutionalized political relationships of ‘good governance’ should not be prioritized in development theory. The robustness of these factors depends on local, regional and global socio-economic opportunities. As Bräutigam (1997: 59) states, at most “institutional variables partly explain democratic consolidation and adjustment in Mauritius” (our emphasis). This also suggests that an analysis that balances institutional factors with political economy variables appears to be the most helpful approach towards understanding developmental challenges. In the Mauritian case, such a pragmatic, even synthetic, approach to theory involves understanding the variables associated with economic development, ethnic accommodation and social-democratic governance.

Finally, from this pragmatist perspective, social theories are necessary heuristic devices that allow the researcher to begin to make sense of complex realities. Yet, at the same time, it is always valuable to be aware that “general laws are of weak help when it comes to analyzing the complexity of particular events” (Lipietz 1987: 10; 1988: 17-8). Mauritius’ role in development theory has often been seen as a model for other island states to follow. This has a long tradition: Mark Twain (1897: 274) observed how many Mauritians believed that God created Mauritius and then used it as a model for Heaven. Yet, when approaching Mauritius theoretically, rather than theologically, problems become immediately apparent. In particular, the island does not appear to fit neatly within May’s (1990) typology of “basic ethnic situations”, and its ethnoscape is more complex than that of most other NICs.

In this paper, we have emphasized some of the characteristics of Mauritian history that allowed the island’s actors to scan the environment for opportunities that the global economy afforded. Yet, this opportunistic pragmatism also demanded ‘good governance’, in terms of a local environment conducive both to an entrepreneurship that would add to the island’s social development, as well as to a smart management of the island’s complex ethnoscape.

Finally, while practical lessons can be learned from the different experiences of SIDS such as Mauritius, they need careful consideration before being applied to other contexts, SIDS or otherwise. While tempting, viewing a combination of smallness and islandness as signaling the suitability of, and advocacy for, a common menu of development initiatives should be avoided.

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