Development, **2014**, **57**(3–4), (578–590)

www.sidint.net/development/

Local/Global Encounters

The Fading Developmental State: Growing inequality in Mauritius*

SHEILA BUNWAREE

ABSTRACT *The small multi-ethnic island state of Mauritius has made great strides and embraced the notion of equal opportunity for all, although this has not always been translated in practice. This article argues that, while the first wave of structural transformation contributed to economic growth and employment opportunities for citizens, development has not been equitable, especially with respect to Mauritians of African origin. The quest for a second wave of sustainable transformation may not be easy and the country needs to rethink its model of development and ensure that the latter is infused with ethical and human centred governance.*

KEYWORDS *developmental state; inequality; small island state; industrialization*

Introduction

In a paper entitled 'Working for the few – Political capture and economic inequality', Oxfam notes:

> 'Extreme economic inequality is damaging and worrying for varying reasons: it is morally questionable; it can have negative impacts on economic growth and poverty reduction, and it can multiply social problems. It compounds other inequalities, such as those between men and women. In many countries, extreme economic inequality is worrying because of the pernicious impact that wealth concentration can have on equal political representation. When wealth captures governmental policy making, the rules bend to favour the rich, often to the detriment of everyone else. The consequences include the erosion of democratic governance, the pulling apart of social cohesion and the vanishing of equal opportunities for all.' (Fuentes-Nieva and Galasso, 2014)

When equal opportunities vanish, democracy and development become meaningless. This article cautions against Mauritius's obsession with high economic growth and the objective of becoming a high-income country, arguing that the proposed route to achieving such an objective can lead to a growing polarization of Mauritian society and thus constituting a major risk to the country's stability and sustainability.

Mauritius is a small multi-ethnic island state with a high vulnerability index. In the post-colonial period, it has made great strides and embraced the notion of equal opportunity for all. While the first wave of structural transformation has contributed to economic growth and employment opportunities for the citizens, some segments of the population, especially Mauritians of African origin, have been left at the bottom of the pile. Now that the country focuses on achieving a second economic miracle infused by neo-liberal policies, there is a risk that the poor and vulnerable get further marginalized. The Mauritian middle class is already thinning down (World Bank, 2015) and this does not augur well for any society whatsoever.

The first part of the article highlights the factors behind the first wave of structural transformation. The second part identifies the sources and causes of inequality in the country, showing how the persistent concentration of wealth, the collusion between political and economic elites in recent years as well as the resulting corruption are gnawing at the country. The third part looks at some of the initiatives undertaken to achieve a second miracle, while the last part examines the challenges that the country is facing and makes some recommendations towards greater equitable development, cohesion and sustainability.

The first wave of structural transformation in Mauritius

Mauritius is a country whose colonial history was marked by inequality, oppression and exploitation. The post-independence period was characterized by a matrix of highly negative social and economic indicators, causing scholars such as Meade (1968) and Naipaul (1972) to have an apocalyptic vision for the country. Mauritius suffered from massive unemployment, huge balance of payments deficit, soaring prices and a rapidly growing population – a good mix for disaster (Kearney, 1990). However, a visionary leadership coupled with the support of a national bourgeoisie, assisted in shifting the country from an ailing monocrop sugar economy to manufacturing and *a* booming tourism industry. In recent years, offshore financial services and information technology have become the major players of the economy. The efforts to promote structural change and the resulting shift paved the way for tremendous growth levels in the 1990s, leading to the coinage of phrases such as 'Mauritius – the African tiger cub', 'the Singapore of the Indian Ocean', the 'little tiger', 'the miracle of the Indian ocean' and so on (Stiglitz, 2011).

Mauritius tops a few indices in Africa: it is the Number 1 country in the World Bank's Ease of Doing Business Index (2014). It also leads in the Ibrahim Index of Africa Governance, (2014). Its multiculturalism and peaceful coexistence are often cited as a model of social harmony to the rest of the world (Singh, 2005; Tutu, 2007). It has a relatively high Human Development Index ranking of 79 (out of some 211 countries) and a per capita income of some US$8500, thus falling into the range of middle-income countries (UNDP, 2011). It is now aspiring to become a high-income country.

Less cited is the fact that Mauritius has been classified as leading in drug trafficking and narcotics consumption in Africa (UNODC, 2010) and is also seen as a money laundering hub where corruption is becoming a malady(Bunwaree, 2011). Mauritius lacks a freedom of information law, there is no regulatory framework for political party funding and the country's media space is under threat. The growing inequality and rapidly expanding poverty are also major challenges.

The first wave of structural transformation rested on a welfare state that prioritized human capital investment, and an export-oriented industrialization (largely textile and garments) built on cheap labour. Mauritius used its 'smallness' as a tool of economic diplomacy to successfully negotiate an arsenal of preferential arrangements – guaranteed prices and protected markets.

Structural transformation and the Mauritian developmental state

Mauritius' ability to avoid the bleak fate of many other developing countries is inspiring to many. Delegations and missions from other parts of Africa frequently visit and wish to emulate the Mauritian model. Mauritius espouses social democracy and has strong institutions. Sandbrook (2005) and Meisenhelder (1997) draw our attention to the important role that institutions have played in building up Mauritian development state.

Three core elements define developmental states. The first centres on the autonomy of the government; the second is the capacity of the state to steer the country's development; and, the third element is the development of a home-grown and nationalistic industrialization strategy that emphasizes cooperation between the state and local private sector (Katzenstin, 1985).

The bureaucracy is the prime mover in the Mauritian society (Bunwaree, 1994). Besides economic diversification, the state spared no efforts in social services' provision. It also focused on developing strong institutions. Expansion of educational opportunities and the 'grand morcellement' (parcelling of land through sale of small plots of fairly poor and marginal land) contributed immensely to the working classes' social mobility, particularly people of Indian descent. This mobility also contributed to a political class and bureaucracy that, over time, gained increasing political power.

In the era of structural adjustment programmes, Mauritius did not succumb to the pressures of the Bretton Woods institutions to roll back the state, particularly as regards education and health-care services. While Mauritius devalued its currency, it did not accept the World Bank's and IMF's conditionality of abolishing free education and health. This human capital investment has served as a scaffolding for the country's development, providing a pool of readily cheap and adaptable labour for the Export Processing Zones (EPZ).

Export-oriented industrialization and preferential trade arrangements

Very early on, Mauritius' leaders appreciated the value of an export-oriented industrialization strategy. Local capital from the Franco Mauritian sugar 'plantocracy' as well as flows of money from Hong Kong formed the core part of the investments in the Mauritian EPZ. Capital flowed from Hong Kong because the latter saw *its return to* China as imminent and feared the consequences, thus preferring to channel its investments into Mauritius, which was regarded as a safe haven.

Mauritius enjoyed a series of preferential arrangements including the 1976 Lomé Convention, which granted African Caribbean and Pacific countries preferential access to European markets. Also, it enjoyed a European Union's significant sugar quota, which allowed sugar exportation at two or three times the world price. This sugar revenue and the associated sugar export tax imposed at that time assisted in developing and consolidating the welfare state as well as the tourism industry.

Mauritius has also benefited from the US–Africa Growth and Opportunity Act that enabled and facilitated duty-free garments' *exports* to the United States. However, the dismantling of the Multi-Fibre Arrangement in 2005 caused some major readjustments and, in recent years, the situation has not been that rosy. While growth has continued to take place, unemployment, poverty and inequalities have been growing despite the government's continued investment into diverse poverty alleviation programmes.

Table 1 shows the first phase of structural transformation. The table highlights the declining contribution of agriculture and the rapid expansion of the manufacturing sector between the period 1970 and 1998.

Another major factor that contributed to the country's first wave of transformation is the close collaboration between the public and *private sector*. Being conscious of the pertinence of such collaboration, the private sector recognized the importance of speaking with one voice – hence the Joint Economic Council was set up. The latter comprises all the private-sector bodies (i.e., The Chamber of Commerce, The Employer's Federation, The Sugar Syndicate and The Centre of Agriculture) and still plays a very important role. Public–private sector *collaboration remains* central to the country's second wave of structural transformation but let me first turn to the sources and causes of inequality.

Growing inequality and poverty

While the three original pillars of the economy – EPZ, tourism and offshore financial services – served the country well, generating high growth rates in the 1990s, the country has experienced a slowdown and rising unemployment in recent years. Coupling this is the triple food, climate change and financial global crisis. As a result, Mauritius is now struggling to maintain reasonable growth rates, while being considerably challenged by rising inequality and poverty.

Table 1. *Share of key sectors to growth over the period 1970–1998*

Economic sectors	1970	1982	1998		1970–1982	1983–1998	1970–1998
	Share (%)				Growth rates (%)		
Agriculture as percentage of GDP	26.1	15.7	8.8	Real Growth	−1.3	−0.6	−0.7
Manufacturing as percentage of GDP	12.0	20.1	25.2	Real Growth	4.5	7.4	6.0
Other industry as percentage of GDP	8.1	9.0	9.9	Real Growth	1.1	1.2	1.5
Services as percentage of GDP	53.8	55.2	57.9	Real Growth	4.5	6.6	5.8

Sources: Bank of Mauritius Annual Reports; World Bank Country Economic Reports; and World Development Indicators (1998; 1999)

Mauritius' economic model is largely neo-liberal and highly dependent on the outside world. Its inability to create sustainable jobs and livelihoods in recent years has led to rising unemployment, currently revolving around 8 percent. Women and youth are the worst hit. Growing unemployment in the midst of rising inequality and rising inflow of migrant workers pose important challenges to governance.

Commenting on the rising inequality in Mauritius, Jolly (2013) notes: 'Inequality in Mauritius has been rising. Measured by the GINI Coefficient, inequality in Mauritius is now higher than in most countries in the very high HDI category'.

The Central Statistics Office of Mauritius tells us that income inequality has worsened over 2006–2012. The GINI coefficient that stood at 0.388 in 2006 rose to 0.413 in 2012. Compared with 1996, when it was 0.387, the figures show that social inequality is at its worst point in 20 years. The share of wealth going to the 20 percent poorest section of the population is declining. In 2006, it was 6.1 percent, whereas in 2012 it had declined to 5.4 percent, which is the lowest since 20 years. In contrast, the share of wealth appropriated by the top 20 percent of the population is increasing and rose to 47.4 percent in 2012, as compared with 45.6 percent in 2006, and 44.2 percent in 1996 (Central Statistical Office, 2012a, b).

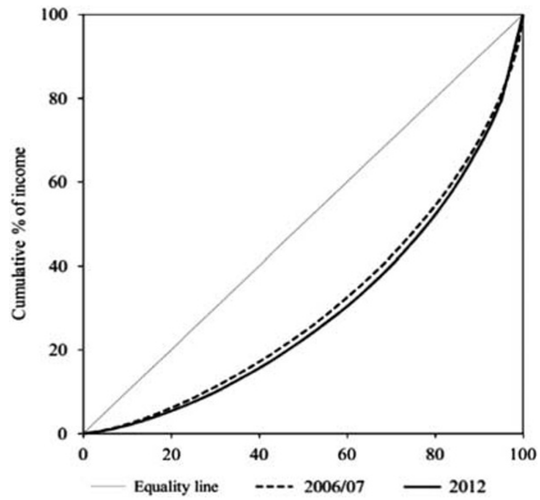

Figure 1: Lorenz curves, 2006/2007 and 2012 HBS
Source: Central Statistical Office (2012a, b)

The proportion of poor persons increased from 8.5 percent in 2006/2007 to 9.8 percent in 2012; the number of poor persons rose from 104,200 to 122,400. The present level of poverty is at its worst point in Mauritius in 20 years. In addition, more than 20 percent of households earn an income below the household poverty line of Rs 13,300, established by the Central Statistical Office (2012a, b) for an average household comprising two adults and two children, aged less than 16 years.

Table 2. *Income share of the lowest 20 percent and highest 20 percent of households*

Measure of income	2001/2002	2006/2007	2012
Average monthly household income (Rs)	14,230	19,080	29,360
95% Confidence interval for average monthly income			
Lower limit	13,950	18,590	28,670
Upper limit	14,510	19,570	30,040
Median monthly household income (Rs)	11,150	14,640	21,790
Gini coefficient	0.371	0.388	0.413
Income share			
Percentage of total income going to			
Lowest 20% of households	6.4	6.1	5.4
Highest 20% of households	44.0	45.6	47.4
Ratio of highest 20% to lowest 20%	6.9	7.4	8.8

Source: Central Statistical Office (2012a, b)

Figure 1 shows how the Lorenz curve – an indicator of the equality line – is regressing, while Table 2 highlights how the income share of the lowest 20 percent of the households is declining.

Table 3 shows the distribution of households by income class. Disparities in the distribution of income speak volumes about the increasingly non-egalitarian nature of Mauritian society.

The drivers and causes of inequality

Some of the major drivers of inequality *include* the absence of a national minimum wage, the nature of foreign direct investment (FDI); jobless and unproductive growth, speculation and spiralling land prices; the increasing level of collusion between the political and economic elite and associated corruption, which transpires through the very opaque funding of political parties; and the poor representation of women in politics.

Absence of a national minimum wage

Mauritius does not have a national minimum wage and this exacerbates the inequality problem. The 2012 household budget survey shows that poor households have increased by 1.5 percent in recent years. Mauritius does not document a poverty line but more than 100,000 people earn less than Rs 6,000 (approximately US$ 200) per month – a level far below what is required for decent living by a small family of four people. The introduction of a national minimum wage featured in the manifesto of the present ruling *alliance* but only time will tell whether this will become a reality.

FDI: Joblessness and unproductive growth

While FDI has been on the rise and contributing to reasonably good growth levels, it has not contributed to any significant job creation and poverty reduction as reflected by the rising unemployment level. Writing about FDIs in Africa, Obwona and Mutambi (2004) aptly noted 'In principal there is no direct link between foreign direct investments in Africa *and* poverty reduction'. Table 4 shows FDI levels and concentration by sectors.

Sectors such as Real Estate and financial and Insurance Activities that have attracted the bulk of FDIs are known to be poor job creators – hence the rising level of joblessness while

Table 3. *Distribution (in percentage) of households by income class (2001/2002, 2006/2007 and 2012 HBS)*

Monthly household disposable income (Rs)	2001/2002 HBS		2006/2007 HBS		2012 HBS	
	Households (%)	Total income (%)	Households (%)	Total income (%)	Households (%)	Total income (%)
Under 4000	6.8	1.3	3.8	0.5	2.2	0.2
4000 to<5000	3.5	1.1	2.6	0.6	1.3	0.2
5000 to<6000	5.0	1.9	2.8	0.8	1.6	0.3
6000 to<7000	6.6	3.0	3.9	1.3	2.4	0.5
7000 to<8000	6.8	3.5	3.9	1.5	2.1	0.5
8000 to<9000	7.3	4.4	4.6	2.1	2.2	0.6
9000 to<10000	6.7	4.5	5.1	2.5	2.6	0.9
10000 to<12000	11.8	9.0	10.6	6.0	5.7	2.1
12000 to<14000	9.2	8.3	9.9	6.7	6.1	2.7
14000 to<16000	7.3	7.6	9.1	7.1	6.3	3.2
16000 to<18000	5.5	6.5	6.8	6.0	6.0	3.5
18000 to<20000	4.3	5.7	5.4	5.4	5.9	3.8
20000 to<25000	7.6	11.8	10.3	12.1	13.4	10.2
25000 to<30000	4.4	8.5	6.7	9.5	9.6	8.9
30000 to<35000	2.5	5.8	3.8	6.5	7.1	7.8
35000 to<40000	1.5	3.9	3.0	5.8	5.0	6.3
40000 to<45000	1.0	3.0	1.9	4.2	4.0	5.8
45000 to<50000	0.6	2.1	1.4	3.6	3.2	5.2
50000 to<60000	0.7	2.6	1.6	4.4	4.7	8.8
60000 to<70000	0.4	2.0	1.0	3.4	2.4	5.3
70000 and above	0.6	3.5	1.9	10.0	6.2	23.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Statistical Office (2012a, b)

growth remains at reasonable levels as reflected by Tables 5 and 6.

Spiralling land prices, integrated resort schemes and real estate

To attract FDIs, the country has relied heavily on the expansion of the real estate sector and the integrated resort schemes (IRS). This has led to the spiralling of land prices, thus making it very difficult for the poor to access land and decent housing.

In an interesting paper on IRS in Mauritius, Boswell (2008) notes: '… it will be difficult to socially integrate Integrated Resort Schemes in any real sense because these schemes are inspired by an oppressive global tourism system and residential model in which elites are segregated from the local population and consume their landscape at their expense. In the context of Mauritius, such "exclusive" resort schemes risk reinforcing historical patterns of inequality and subverting the goal of democratisation'.

While Grynberg (2013) commenting on Mauritius's increasing reliance on land and property deals notes: 'All this is starting to resemble the Spanish real-estate bubble that plunged that

Table 4. *FDI inflows in Mauritius by sector (2007–2012)*

Sector	2007	2008	2009	2010	2011 (1)	2012 (2)
Total (MUR mn) of which (in terms of percentage)	11, 514	11,419	8,793	13,948	9,456	12,669
(a) Real estate activities (%)	33	40	49	25	48	40
(b) Financial and insurance activities (%)	35	40	16	33	17	34
(c) Construction (%)	0	1	2	9	22	14
(d) Accommodation and food service activities (%)	28	12	21	6	6	5
Total: (a) to (d) above (%)	96	92	88	73	94	94

Note: (1) Revised (2) Provisional
Source: AfrAsia Bank (2013)

Table 5. *Unemployment rate for year 2005–2013*

Year	Female (%)	Male (%)
2005	16.4	5.8
2006	15.5	5.5
2007	14.4	5.3
2008	12.7	4.1
2009	12.3	4.4
2010	13.0	4.6
2011	12.5	5.2
2012	12.7	5.3
2013[a]	12.6	5.3

[a]Forecast
Source: Central Statistics Office, Labour force, Employment and Unemployment – Third quarter 2013

country into a long and deep recession in 2007–2008 and from which it has yet to recover ...'.

Political inequality in Mauritius

Political inequality is reflected in several ways in Mauritius but the most important ones are the opaque funding of political parties, the current electoral system and the poor representation of women.

Political parties are the only bodies that are exempt from submitting statutory audited accounts in Mauritius. There is no disclosure of information on contributors and the amounts contributed to electoral campaign party funds by big companies. Yet *it is not a secret* that millions if not hundreds of millions of rupees are spent by parties for electioneering. This opacity breeds corruption and is a serious and worrying problem. There is some kind of complicity between the big firms and the political class. While this has been denounced in several quarters, including Transparency Mauritius, nothing has been done as yet to change the situation.

The nature of political parties' funding constitutes a major source of inequality. Contesting elective office is very costly and therefore excludes a wide section of Mauritians, thus narrowing the political space and limiting diversity of representation. In so doing, it also limits discussions around the possibility of an alternative model of development to address poverty and inequality.

Elections and political parties are the lifeblood of democracies, but the Mauritian electoral system does not provide for a broad spectrum of representation. The first-past-the-post (FPTP) system, with its associated best loser variant, has the potential of wiping out an opposition altogether. The Mauritian electoral system suffers from ertain aberrations. The FPTP system in the three-member constituencies frequently produces results that are grossly disproportionate to the share of votes won by the different parties. At times, although obtaining a substantial

Table 6. *Trends in output and inputs – Total economy (2002–2012/growth rates)*

Year	Real output		Labour input		Capital input	
	Index	Growth rate (%)	Index	Growth rate (%)	Index	Growth rate (%)
2002	78.7	1.6	94.2	0.2	77.7	4.8
2003	83.6	6.3	95.3	1.2	82.0	5.6
2004	87.2	4.3	96.3	1.0	86.3	5.2
2005	89.6	2.7	96.8	0.6	90.0	4.3
2006	94.6	5.6	98.4	1.6	94.8	5.4
2007	100.0	5.7	100.0	1.6	100.0	5.5
2008	105.5	5.5	103.7	3.7	105.2	5.2
2009	108.8	3.1	104.2	0.5	111.1	5.7
2010	113.3	4.2	106.6	2.3	116.8	5.1
2011	117.3	3.5	106.9	0.3	122.4	4.8
2012	121.2	3.3	108.6	1.6	127.7	4.3
Average annual growth rate 2002–2012	4.4%		1.4%		5.1%	

Source: Central Statistics Office (2012). Productivity and Competitiveness Indicators (2002–2012)

percentage of votes, the opposition is either completely, or nearly completely, eliminated. Thus, in 1982 and in 1995, the result was 60–0, while in 1991 and 2000 the presence of the opposition barely reached representative levels.

The failure to reform the electoral system and to bring in a dose of proportional representation(PR) is also responsible for the inadequate representation of women. PR systems are known to be more gender friendly (Ballington, 2004).

Gender inequality: inadequate representation of women in Mauritian politics

Despite having ratified the Convention on the Elimination of All Forms of Discrimination against Women, the Beijing Platform of Action and the Southern African Development Community (SADC) protocol of a 30 percent quota for women in parliament, Mauritius continues to lag behind many SADC countries on women's political representation. Table 7 shows the evolution of gender representation in the national legislature.

Some of the factors responsible for this state of affairs include the gender insensitive electoral system, socialization patterns, the shrinking of potential female space resulting from male-dominated alliances and coalitions, lack of financial resources and general resistance to any form of affirmative action (Bunwaree, 2006, 2010).

While a better political representation of women does not necessarily guarantee an improvement in women's condition, the likelihood for women's issues to be taken on board is stronger with more women legislators (Sawer, 2002).

Women in Mauritius constitute only 35 percent of the labour force, with the vast majority being pooled in low skilled, low paid and low status jobs. Moreover, the country is experiencing a growing feminization of poverty and rising domestic violence. It is true that Mauritius has been able to advance the woman condition in its first phase of transformation but now that the country faces a number of emerging challenges, gender equality seems to be regressing.

Table 7. *Evolution of gender representation in the national legislature*

Year	Male	Female	Both sexes	Percentage of Female
1983	66	4	70	5.7
1987	66	4	70	5.7
1991	60	2	66	3.0
1995	60	6	66	9.1
2000	66	4	70	5.7
2005	58	12	70	17.1
2010	55	15	70	21.4
2014	62	8	70	11.4

Source: Electoral Supervisory Commission (2014)

Spatial inequalities

Given the country's small size, one would have thought that it would be easy to have development in different parts of the island. There is no major rural urban divide in Mauritius, but there are certain locations *that are more* deprived of infrastructure and other amenities than others.

Table 8 shows the concentration of poverty in some districts, with a higher pronouncement in certain locations.

While the National Empowerment Foundation (2010) had established some 200 pockets of poverty on the island, the budget 2015 identified only some 38 pockets of poverty. This has pushed a number of civil society groups working on poverty to interrogate the ministry of Finance, asking what are the criteria that have been used to identify this list and why only 38 pockets when there are so many more in the country.

Ethnic inequalities and 'le malaise Creole'

The'malaise Creole' is a term that was coined in 1993 by Farther Cerveaux, a Creole priest, to describe the deplorable conditions in which working-class Mauritians of African descent live in. Mauritius does not include ethnicity as a variable in its census because of the contention that doing so would fracture the nation further and prevent the emergence of a national identity. But the reality is that some ethnic groups, particularly people of African descent continue to face discrimination (Gill, 2012; Truth and Justice Commission, TJC, 2012).

Commenting on the plight of the Creoles, Francois (2014) notes: '... still the descendants of slaves i.e. the Creoles are suffering from a modern kind of slavery socially, economically and politically. Many of them are victims of exclusion and ostracism ...'.

A 2012 study by International Movement ATD Fourth World entitled: 'Extreme Poverty is Violence, Breaking the Silence, Searching for Peace', chose Mauritius as one of the twelve countries to assess the Millennium Development Goals (MDGs). This study too refers to the discrimination that the Creoles face. In discussing this situation, one Mauritian participant noted that '... the Government started to build a house for us, but the inhabitants came and destroyed the house because they didn't want "créoles" in their neighbourhood. Finally, we obtained a piece of land elsewhere. There, as well, the people demonstrated against the construction of our house, but we managed to get an official letter so we could live there'. The interlocking of disadvantages often unquantifiable that certain segment of the population encounter highlights the complexity of inequality in Mauritius.

The second wave of structural transformation

In his Economic Mission Statement, Prime Minister Jugnauth (2015) notes, '... within our vision, we

Table 8. *Location of poverty pockets*

District	Locations of pockets of poverty	Estimated number of households
Pamplemousses	Mon Gout, Cite EDC, Canton Nancy, Melanie Rd D'Epinay, Solitude, Cite Mere Theresa, 7eme Mile, Bois Marchand, Camp Carole, Cite Lumiere, Cite Hibiscus – Iqbal Rd, Bois D'oiseaux, Debarcadere	411
Riviere du Rempart	Labourdonnais, Camp Poulaillier, Cite EDC, Paline des Papayes(Bois Mangues), Cite Gokoolah, Ex Railway Road, Cottage, Barachois Rd, Duncan Rd, Patient Rd, Royal Rd, Cite CHA	185
Flacq	Chapel Rd, Bechard Rd, Nehru Nagar, Pont Praslin, Cite Queen Victoria, Bonne Mere Village, Bois D'Oiseau, Grand Bas Fond and Rich Fond	121
Savanne	Camp Charlot, Terre Coupe, Choisy, Cite Batimarais, Telfair Lane, CemetryTrois Bras, Martiniere, Camp Ramdin, Tea Camp, Grand Bois	395
Port-Louis	Cite La Cure, BatterieCassée, Camp Tory, Camp Desiré, Camp Manna, CiteDucray, Paul Toureau	483
Grand Port	Cite Tole/Cite La Chaux, Village Petit Sable, Village Trois Boutiques, Village Plein Bois, Village Camp Accasia, Sugar Estate, Cite EDC, Village DeuxFreres, Marie Jeanne, Village BambousVirieux	347
Black River	Cite Richelieu, Camp Creole, GrosCailloux, Camp Bombaye, Camp Creole, Cite Tamarin, Camp La Colle/Cite EDC, Petite Riviere Noire, Case Noyale, Chamarel	337
Moka	Bonne Veine, Vuillemin, Valetta, L'Assurance, L'Esperance, Providence, Cite EDC, Railway Rd, Cite St Catherine, Cote D'Or, Camp Auguste, Cite Verdun, Cite Hortensia, Camp Samy, Malenga, Debarcadere, Cite Caroline	383
Plaines Wilhems	Anoska, Camp Rouillard, Cite Chebel, Cite Barkly, Residence Kennedy, Cite Bassin, Cite Beau Sejour, Highlands, 5 Arpents	429

Source: National Empowerment Foundation (2010)

are targeting an average growth rate of 5.5 percent annually as from 2017. Our objective is to attain *a GDP* per capita of more than 13,500 US dollars by 2018'.

The newly elected government, in the December 2014 *general elections* wants to achieve a second economic miracle. It has identified a number of new economic pillars, which it believes, can contribute to transforming Mauritius into a high-income country. These include the ocean/blue economy, smart cities, seaport bunkering and connectivity, higher education and the knowledge hub, the financial services industry and the Africa Strategy.

One of the largest asset base that Mauritius possesses is its exclusive economic zone covering an expanse of more than 2.3 million km to develop its ocean industry. The seafood sector will be further developed and the ocean will be explored for a range of other activities, including the *production* of renewable energies.

Smart cities and techno parks constitute another pillar, which the government believes can contribute to turning Mauritius itself into a smart island. Efforts are also being deployed to turn Port Louis, the capital city into a major seaport with increased sea connectivity, especially with other Indian Ocean islands and ports in the SADC region. Another major pillar that is increasingly seen as a major contributor to the country's economic transformation is the higher education sector. Resources are allocated to attract reputable educational institutions from different parts of the world, which in turn will attract students, mostly from Africa, to come to Mauritius, for higher studies. The Financial Services Industry will be expanded with the view of turning it into a vibrant and sophisticated International Financial Services centre of substance. Last but not the least is the country's Africa Strategy. Given Mauritius's strategic position in the Indian Ocean, it wants to act as a gateway to Africa in attracting investments from China and India into the continent. It has also signed several memorandum of understanding with a number of countries in Africa for the development of Special Economic Zones, including Ghana, Senegal and Madagascar.

Challenges – Where should Mauritius go from here?

While efforts are being deployed to enhance the traditional economic pillars and give a boost to new ones, the *country continues to face* a number of challenges that may make it hard to attain its objectives. Some of these challenges include the fact that the country is hit and pinned down as encouraging tax evasion. The European network on debt and development (Eurodad) for instance, published a report entitled 'going offshore' wherein Mauritius is qualified as a fiscal paradise. It noted that $1.8 billion transited via Mauritius and drew attention to the fact that such fiscal paradises can encourage further fiscal evasion as well as money laundering, both detrimental to development. Several Ponzi schemes have also come out in the open and have tarnished the image of the country further.

The country's reputation as an offshore centre is getting increasingly tarnished. Victor in *Le Defi-Quotidien* of 25 April 2014 draws our attention to the exasperation of Kenyan citizens by the Mauritian financial offshore centre. Victor notes that certain East African civil society groups has started a lobby against the Mauritian jurisdiction arguing that the double taxation agreement signed between the Mauritian and Kenyan government has freed the Kenyan companies from corporate tax, thus contributing to tax injustices.

While the idea of the Ocean Economy sounds promising, the local fishing community, which is mostly Creole, has suffered a severe blow. The country has signed an agreement to grant the European Union(EU) fishing rights, causing massive livelihoods' losses for many fisher people. 'Mauritius is selling tuna at Rs2.28 the pound to the EU, while the Mauritian consumer buys a pound of tuna at Rs.100 at the supermarket' (*Business Mag*, 2012). Moreover, *this same document* contends that Mauritius' stock of fish has declined significantly in recent years, from 7021 tons of tuna in 2002 to some 2822 tons in 2012. This is detrimental to *the fishing community*, especially given rising food prices. The situation is even more complex given the country's dependence on food imports with little being done to diversify the agricultural sector and to cut down on imports.

While the government focuses on turning the country into a knowledge hub and making the higher education sector an important economic pillar, it has also opened the gates to the setting up of certain obscure universities, which exploit both foreign and local students. A number of students have enroled in these universities and their qualifications are not recognized. Such malpractices exist despite the existence of the Tertiary Education Commission – a regulatory body.

Other challenges include a rapidly ageing population and a declining worker–pensioner ratio, the lack of trained human capital, a persistent mismatch between education and labour market needs, brain drain, very low R&D, as well as a rapidly rising national debt to *mention but a few*. Mauritius may well achieve higher growth but addressing the growing inequality and poverty demands a rethink of the model of development. There is need for a model that is oriented on pro-poor policies, food security, gender inclusiveness and productive employment opportunities. What Mauritius requires most urgently is an ethical *and human centred governance.*

References

AfrAsia Bank (2013) Annual Report, Port Louis, Mauritius.

Ballington, Julie (2004) *Strengthening Internal Political Party Democracy: Candidate recruitment from a gender perspective*. Stockholm, Sweden: International IDEA.

Boswell, Rose (2008) 'Integrating Leisure: The case of an integrated report scheme', *Africa Insight* 38(1): 146–159.

Bunwaree, Sheila (1994) *Mauritian Education in a Global Economy*. Editions de L'Ocean Indien Mauritius: Rose-Hill.

Bunwaree, Sheila (2006) 'Gender, Elections and Governance', *Journal of African Elections* 3(1): 152–175.

Bunwaree, Sheila (2010) *Governance, Gender and Politics in Mauritius*. Mauritius: Editions le Printemps.

Bunwaree, Sheila (2011) 'Mauritius: Beyond elite compacts and incestuous politics', in Hussein Solomon (ed.) *Against All Odds-Opposition Political Parties in Southern Africa*. Sandton, South Africa: KMM publishing.

Business Mag (2012) 'Fish: Local Consumer Pays More Expensive than European Union', 17 October.

Central Statisitcs Office (2012) *Productivity and Competitveness Indicators*. Port-louis, Mauritius.

Central Statistical Office (2012a) *Labour Force, Employment and Unemployment*. Port Louis, Mauritius: Central Statistical Office.

Central Statistical Office (2012b) *Household Budget Survey*. Mauritius: Household Budget Survey.

Electoral Supervisory Commission (2014) Compilation of election results for gender representation, Port -Louis, Mauritius.

Francois, Ellezer (2014) 'It will take Mauritius a very long time to become, if ever, an egalitarian society', Le Defi Media Group, defi-quotidien, Port Louis, Mauritius.

Fuentes-Nieva, Ricardo and Nicholas Galasso (2014) 'Working for the few – Political capture and economic inequality', Oxford: Oxfam Briefing Papers, Oxfam International.

Gill, Geetanjali (2012) *Poverty and Exclusion in an Ethnically-Plural society: A Mauritius case study*. Germany: LAP LAMBERT Academic Publishing.

Grynberg, Roman (2013) 'Mauritius' economy "miracle" not all it seems'. *Mail & Guardian*, 15 March.

Ibrahim, Mo (2014) Ibrahim Index of African Governance Report 2014, London: Mo Ibrahim Foundation, September.

Jolly, Richard (2013) *Human Development Indicators and Policies in Mauritius*. Mauritius: UNDP office.

Jugnauth, Aneerood (2015) Economic Mission Statement,Vision 2030, Prime Minister's Office, Port Louis, Mauritius.

Katzenstin, Peter J. (1985) *Small States in World Markets: Industrial Policy in Europe*. Ithaca and London: Cornell University Press.

Kearney, Richard C. (1990) 'Mauritius and the NIC Model Redux: Or how many cases make a model? *Journal of Developing Areas* 24(2): 195–216.

Meade, James E. (1968) *The Economic and Social Structure of Mauritius*. London: Frank Cass.

Meisenhelder, Thomas (1997) 'The Developmental State in Mauritius', *Journal of Modern African Studies* 35(2): 279–297.

Naipaul, Vidiadhar Surajprasad (1972) *The Overcrowded Barracoon*. London: Andre Deutsch.

National Empowerment Foundation (2010) 'Liste de Poches de Pauvreté', Port-Louis, Mauritius, http://www.nef.mu/, accessed 29 December 2014.

Obwona, Marios and Benon Mutambi (2004) *Foreign Direct Investments in Africa – Do they Reduce Poverty?* Stockholm: SIDA.

Sandbrook, Richard (2005) 'Origins of the Democratic Developmental State: Interrogating Mauritius', *Journal of African Studies* 39(3): 549–581.

Sawer, Marian (2002) 'The Representation of Women in Australia: Meaning and make believe', *Parliamentary Affairs* 55(1): 5–18.

Singh, Manmohan (2005) Address to the Mauritian National assembly during his visit to Mauritius in 2005, http://pmindia.nii.in/speech-details.php?nodeid=84.

Stiglitz, Joseph (2011) 'The Mauritius miracle, or how to make a big success of a small economy'. *The Guardian,* March, http://www.theguardian.com/commentisfree/2011/mar/07/mauritius-healthcare-education, accessed 24 September 2015.
Truth and Justice Commission (TJC) (2012) Truth and Justice Commission (TJC) Report, Government printing press: Mauritius.
Tutu, D. (2007) 'Mauritian Diversity', *Le Matinal,* 19 March, Port-Louis, Mauritius.
UNDP (2011) 'Human Development Report', New York: United Nations.
UNODC (2010) 'World Drug Report 2010'. Austria: United Nations Publication, Sales No.E.10.XI.13.
Victor, K. (2014) 'Maurice, unproblème fiscal pour l'Afrique?' Le DéfiQuotidien, 25 April.
World Bank (2014) 'Ease of Doing Business Report', Washington DC: World Bank.
World Bank (2015) 'Mauritius Systematic Country Diagnostic', Report no 92703-MU, Washington DC: World Bank.
World Development Indicators (1998) Washington DC: World Bank.

*An earlier version of this case-study was prepared for the Africa-wide Conference on 'Inequalities in the context of Structural Transformation', which was held in Accra, Ghana, on 28–30 April 2014. The article was commissioned by the Organizing Committee of the Conference. For more information, please visit http://africainequalities.org/conference/.