

leisurely: the first stirrings of an Indo-Fijian nationalism coupled with native Fijians seeking to strike out through the messianic Apolosi Nawai into an economic environment which seems to offer opportunities well beyond those represented by the traditional village lifestyle. An all pervading influence during these years and into the early years of independence is 'the Company', the Australian based Colonial Sugar Refining Company, which Lal castigates throughout his book for a host of what he sees as social and economic misdemeanours. There is little defence for some of the early arrogance of the Company, but it did reflect the mores of the times in its push for profits. In the postwar period, however, the Company sought to act as a responsible corporate citizen: one which, then alone, provided the basis for Fiji's economic well-being until the tourist boom of the 1970s.

The war time years set the pattern for the country's future more than any period before or after. Lal notes that 'Membership of the British Empire was no badge of honour for the Indo-Fijians' (p.123) and deals at length with the circumstances surrounding the failure of his people to play an overt role in the colony's wartime efforts. Failure of the Indian community to volunteer for active service and disruption in the sugar industry were and still are viewed as acts contrary to the national interest and serve (sadly) to be a barrier between the two major races. It is interesting to conjecture just what the relations between the two races might have been today had the Indo-Fijian leaders adopted a different stance during these years or, as the sugar growers union pondered, had the farmers given up 'the cultivation of sugar cane and resort[ed] to crops which would ensure them a reasonable margin of profit' (p.129). During this period the strengthening of the Fijian administration, under the direction of that peerless leader of the time, Ratu Sir Lala Sukuna, served to further widen the gap between the major races.

The years leading to Fiji's independence in 1969 were, with hindsight, a triumph for common sense in that, despite the reluctance of many of the Fijian people, serious industrial disruptions and much political bickering, the country moved to break strong ties with Britain in an atmosphere of calm and hope for the future. This and the immediate post-independence period are well reported, although interpretation of a number of events reflect the partiality which Lal foreshadowed in his Preface. For example, his dismissal of the 1984 review of the Fijian administration as 'efforts [were made] to reinforce the traditional chiefly order in Fijian villages' (p.252) completely misrepresents the true position and the mess left by the externally inspired revisions of the 1960s.

The two final chapters report on the events of 1987 and thereafter. Bloodless coups are a rarity and for Fiji even the thought of a coup by a military dubbed 'Royal' was, to most people, unthinkable except to a little known (outside the army) soldier, Sitiveni Rabuka. However, a coup did take place and in an even more unlikely scenario the same Rabuka staged a second coup after handing power back to a civilian government and then, just to show how weird politics can be, came to power under a new constitution with support from the very people from whom he usurped the role of government in 1987! This is the stuff history is made of and is sufficiently recent for most to have followed events in the media and taken a position on one side or other or in the middle. Whatever your position, Lal's account is fascinating reading and a must for anyone seriously exploring the ins and outs of Fiji's recent past and trying to second guess the future of this important Pacific country.

Broken Waves is a book for the professional Fiji watcher as well as those with only a general interest in the Pacific and its people. Lal's style is attention holding and the story he tells full of interest and challenge. The production is excellent as is the

index. The detailed Notes which authenticate the depth of the author's research are outstanding and confirm the meticulous efforts taken to record the history of this still delightful country which even those of us who are not *Taukei* are proud to call our own. This is a book which all who seek to unravel the history of Fiji must read. A book covering the same period by an ethnic Fijian author will do much to provide balance in the evaluation of Fiji's recent past.



John Hyde, Executive Director of the Institute of Public Affairs, reviews The Moral Foundations of Market Institutions by John Gray, with commentaries by Chandran Kukathas, Patrick Minford and Raymond Plant. (Institute of Economic Affairs, Health and Welfare Unit, London, 1992).

Like many IEA books this one ought not to be ignored, especially by people involved in the formation of welfare policy, and others (on both the Left and the Right) who are given to making unequivocal statements about welfare rights. Yet I find Gray's most important argument unconvincing and the booklet's title somewhat misleading. Only one section of Gray's study, presumably the least controversial since it is not challenged by any of the three commentators, is about the essential morality of markets; and nothing is said about what I would call the market's institutions – shops, exchanges, banks, auctions, unions, companies and the like. Gray and his commentators, including Raymond Plant who regards himself as a left-winger, seem readily to accept the essential morality and efficacy of markets and the morality of the conditions that make for effective markets, that is, of alienable property and of con-

tracts that are for the most part enforceable. All agree that these preconditions for effective markets should, when necessary, be enforced by governments.

Gray's book, or at least the controversial part of it, is really about the things that markets will not provide, and about what benefits governments should provide to individuals that they could not obtain in the market. At its most particular, the book is an attempt to establish a moral principle that would help to decide to whom the government should grant rights to pensions, education, health care and, surprisingly to me, high culture; and at what level. On the way to this degree of particularity the commentators disagree with Gray and with one another.

John Gray is well aware of the harm the distributive welfare state has done by destroying incentives. He nevertheless argues that 'negative liberty' (i.e. freedom from coercion by other people) is not enough; that everyone has certain basic needs that, along with negative liberty, give them 'autonomy'; and that the state should guarantee these needs.

He implies that everyone has more or less the same basic needs and that these are, in practice, knowable. I find this implication remarkable in view of Gray's justification of the market for the provision of most goods and services on the ground that nobody could assemble the necessary knowledge to allocate them wisely by fiat.

Gray states that the basic needs giving rise to autonomy are satiable and that a government can meet them in full, and do no more. But how much autonomy? Is not a person with \$1000 more autonomous in some matters than one with \$100, someone with a PhD more autonomous in others than someone with only a primary schooling, or a person with good health more autonomous than a weak octogenarian? Autonomy is not a condition that one has or has not and is, therefore, not satiable – a point that Plant makes very clearly.

Neither does Gray deal adequately with the tendency of politicians (I think he assumes democracy) to buy the favour of people with vested interests. He, rightly in my view, deplors the tendency of present arrangements to divert welfare payments to the relatively well-to-do. But what in his world will guide politicians in their choice of the 'worthy' satiable options and, more importantly, encourage them to legislate for only those options?

Gray demonstrates that the negative rights such as freedom from arbitrary arrest, freedom of speech, and so on, are indeterminate: for instance, we can be held briefly on suspicion and we cannot lawfully utter quite whatever we wish. And, of course, each right imposes obligations on other people. Gray argues that certain, but barely defined, positive rights that allow autonomy are therefore not precluded from the realm of government authority, on the grounds that they too are indeterminate and impose obligations. There is a difference, however: a wide one, if only of degree. Negative rights, such as those enshrined in the American Bill of Rights and supported by a mountain of case law, have bounds which include most circumstances and which are widely understood and accepted within most Western societies. Civil or human rights are thus very important signposts pointing away from bad government. But there are no such widely accepted bounds in the many cases of positive rights. There would be none for Gray's 'enabling' welfare state.

It is, however, much easier to knock down a case such as Gray's than to suggest an alternative.

We live in a society in which there are extensive transfers to the needy that are mandated by the state, even if most of the state's largesse does end up in the hands of the greedy. I believe that, in the absence of these transfers, it is most likely that a system of private charity would evolve that was both more efficient and more humane. But I cannot be sure and, therefore,

neither I nor most others are prepared to advocate that the state simply abandon welfare activity. That those people who by reasonable personal effort are least able to make themselves autonomous should be just left to their own devices is unthinkable. We are faced, therefore, without any tidy principle derived from moral argument, with all of the same problems that Gray faces, as we try to direct government welfare, education and health care (damn the arts) to those most deserving.

Gray insists that his position is not a half-way one. I am, nevertheless, left with the impression that he sought a moral principle to defend a conclusion that could not be avoided. For the foreseeable future we can neither live with the welfare state that we have, nor abandon it entirely.

In any case, in the real world of policymaking, whatever the conclusions of philosophers, the questions that this paper and its three rebuttals raise are not ones that can be ignored by practitioners. Most voters want the state to guarantee certain insurances to them and to people who are down on their luck or born with few abilities. What is more, they like to think that there is a nice clear moral basis for what their government is doing, even if they do not intend to take the trouble to understand it.

It is to be hoped that arguments such as those employed by Gray, Kukathas, Minford and Plant will one day produce wobbly signposts which, like the civil rights signposts, even though they are not fully reliable, are widely recognised and do mostly show the way to better government. When they are recognised by everybody else, then politicians will also heed them. In the meantime, even though 'the only principled position' may not be discoverable, the issue that Gray addresses is inescapable.